

NEWS SUMMARY

GENERAL

Plan for 3 classes of UK citizen

Three classes of British citizenship are proposed in a Government White Paper. They are British citizenship, for some 57m "closely connected" with the UK; citizenship of British dependent territories; and British overseas citizenship. The proposals are likely to be examined by a Commons select committee before legislation is drafted for the next session. **Parliament, Page 9**

Jo'burg troubles

More than 10,000 black municipal workers were on strike in Johannesburg—the most in a South African stoppage. Deaths in tribal fights in a goldmine nearby have reached 21. **Page 3**

Observer closure

The management of The Observer newspaper has set Sunday, October 19, as the date of the last issue. Dismissal notices have been given to 1,000 staff, half full-time, half casual. **Back Page**

Violent crime up

Crimes of violence in England and Wales rose by 8 per cent last year, though the number of serious crimes fell slightly. Two reports say Britain has become a major market for illicit heroin, and four Indians and two Britons are being questioned after \$75,000 worth was seized at Heathrow. **Page 28**

Foot sewn back

RAF technician Robert Johnson has had his right foot sewn back at Radcliffe Infirmary, Oxford, after a glider winching accident. **Page 28**

Vets breed puma

London Zoo vets have achieved a world's first by producing a puma by artificial insemination. The technique, which involves passing a mild electric current through the unconscious male, could help endangered species. **Page 28**

Carter unpopular

Two weeks before the Democratic Party convention, a U.S. opinion poll found 77 per cent of those polled were dissatisfied with President Carter. **Page 28**

Bomb deaths

At least seven were killed by a bomb which went off in Alwaz, capital of Iran's partly Arab oil province of Khuzestan. Four killed by a car bomb in Beirut. **Page 28**

Judo silver

On a disappointing day for Britain in the Moscow Olympics, Neil Adams won the lightweight judo silver. Steve Overt was the latest first-round 1,500 metres winner. **Page 28**

\$2 hospital gift

Philanthropist David Robinson has given £2m to rebuild Mill Hill Hospital, Cambridge. **Page 28**

Briefly...

Cricket: Middlesex, Surrey, Sussex and Yorkshire won Gillette Cup quarter-finals.
India is planning to send a women's team to climb Everest in 1984.
Two U.S. sailors were killed and eight aircraft damaged, when carrier Midway collided with a Panamanian cargo ship in the South China sea.
Russell Hart, 34, was remanded for seven days at Brentwood, charged with murdering a local couple.
Inventor of Turin signed Arsenal's Irish Soccer international Liam Brady.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

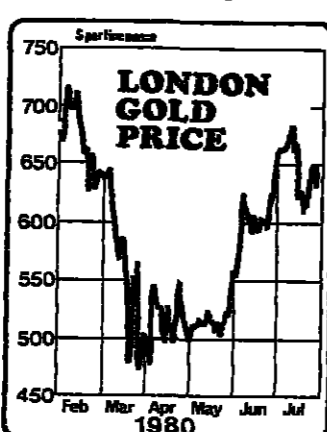
RISES	
Automated Security	335 + 20
Brady Inds. A	48 + 6
Burnett Hallamshire	795 + 20
Dowty	234 + 8
EC Finance	300 + 7
FC Finance	62 + 6
FWC 5pc 1982	1115 + 6
GEC	484 + 6
Genys	62 + 7
Roover A	182 + 5
Initial Services	192 + 11
Int'l Paint	82 + 7
Jordan (T)	70 + 8
Kayser Bondor	98 + 36
Kent (M. P.)	68 + 4
Lee Cooper	130 + 6
Macanie	30 + 7
Morrison (Wm.)	187 + 6
Strathead	128 + 7
Wm. Carbonising	145 + 11

BUSINESS

£ falls 2.2 cents; gold off \$18

DOLLAR rose sharply, boosted by a rise in the U.S. index of leading economic indicators, to close at DM 1.7765 (DM 1.7590). Its trade-weighted index was 84.4 (84.1). **STERLING** fell 2.2 cents to finish at \$2.3485, its worst closing position of the month. Its trade-weighted index was 74.8 (75.1). **Page 23**

GOLD fell \$18 an ounce in London to \$830.5. **Page 23**



EQUITIES were quiet. The FT 30-share index closed 1.0 off at 488.7, but the Gold Mines index shed 7.1 to 376.7. **Page 23**

GILTS continued to ease, with falls of up to 1 among long-term. The Government Securities index closed 0.38 lower at 71.43. **Page 23**

WALL STREET was up 5.21 at 937.12 before the close. **Page 28**

THE EEC must seek a voluntary understanding, similar to the UK's, on Japanese vehicle imports, Sir Terence Beckett, Ford of Britain's chairman, told a Commons Select Committee. **Page 6**

ROVER TRIUMPHS's managing director, Mr. Jeff Herbert, has resigned. **Page 6**

BRITISH RAIL has frozen the amount of money available for staff recruitment. **Page 6**

INTERNATIONAL HARVESTER is to reduce the workforce at its Doncaster and Bradford plants by 740. **Page 6**

MEXICO is to increase its oil exports to Brazil by 250 per cent next year at a reported price of \$32 a barrel. **Page 2**

ITALY'S trade deficit fell from L1,513bn (£770m) in May to L1,011bn last month, but the deficit for the first six months is far above the total for last year. **Page 2**

REED INTERNATIONAL, the publishing and paper products group, estimates industrial action reduced operating profits by £12m in the quarter to June 30. Pre-tax profits were down from £28.5m to £11.5m. **Page 20 and Lex, Back Page**

BRITISH AIRWAYS saw pre-tax profits fall from £90m to £20m on turnover up by £280m to £1.8bn. **Page 7 and Lex, Back Page**

NATIONAL LOCAL Board broke-even in 1979-80 after tax and grants. **Back Page and Page 7**

BRITISH SHIPBUILDERS has warned the Government that it will exceed its external financing limit of £120m this year by about \$60m. **Back Page and Page 8**

STONEFIELD Vehicles is to go into receivership following the decision by Tozer Kemsley Millbourn not to buy the Scottish Development Agency's stake in the company. **Page 8**

BANK OF ENGLAND pre-tax profits declined, mainly as a result of severance payments, from £20.6m to £19.1m in the banking department. **Page 8**

Cabinet nears move on defence cash and social security cuts

BY ELINOR GOODMAN AND PETER RIDDELL

LENGTHY NEGOTIATIONS between the Treasury and several major Whitehall Departments about keeping public spending down to previously agreed limits are coming to a head at Cabinet level.

Among the points being examined are whether, in the short term the Ministry of Defence cash limit should be increased, and whether, in the long term, there should be further breaks in the links between the annual uprating of social security benefits and price increases.

There are also vigorous arguments about further reductions in the education budget. The discussions involve the separate issues of potential financial year by the Ministry of Defence and by local authorities, overspending in the current year and adjustments in spending plans for the 1981-82 financial year and after.

Both sets of negotiations have involved an attempt to reconcile the extra cost of certain programmes with the overall objective of cutting total spending year-by-year as set out in the spending White Paper last March.

In the short term the Government is still relatively confident that spending of most central government departments is in line with Budget estimates.

spending and public borrowing has been little different from earlier forecasts, though there will be a big impact next year. These calculations could, however, be upset by defence overspending. Mr. Francis Pym, the Defence Secretary, is seeking adjustments to cash limits.

The debate about future plans is focusing particularly on the Departments of Health and Social Security and of Education and Science, since these have the largest budgets outside Defence and Environment.

The problem at Health and Social Security arises because increased demand for services, notably by the elderly and the unemployed, has pushed overall departmental estimates for 1981-82 above the level set out in March.

One proposal is that £110m be cut next year. The options include breaking the link between price rises and increases in supplementary benefits, and a larger reduction in the real value of short-term benefits, such as unemployment pay.

The difficulty over the education budget arises both because of university teachers' pay rises and other salary increases, and because of loss of £35m of revenue as a result of the defeat of the proposals to charge for school transport.

He says that unless adjustments are made the UK will not fulfil its NATO commitment of a 3 per cent annual increase in spending in real terms.

This call is being strongly resisted by the Treasury, which says that the Ministry of

Defence should keep to its ceiling like other Departments.

A compromise adjustment of between £100m and £200m has been suggested, though the issue is still being fought out, as the Treasury regards it as symbolic for general control of spending.

British Rail freezes recruitment. **Page 6**

British Airways profit drops. **Page 7**

British Shipbuilders cash crisis. **Page 8 and Back Page**

Doubt over Stirling figures. **Back Page**

Coal Board faces difficult period. **Back Page**

Israelis confirm united Jerusalem as capital

BY OUR FOREIGN STAFF

ISRAEL'S PARLIAMENT last night decided a warning from the U.S. and finally approved a Bill which enshrines a united Jerusalem as the capital of Israel.

The move, which formalises the annexation of the city's Arab eastern sector captured during the 1967 Middle East war, is bound to spark bitter reaction from the Arab world which regards Jerusalem as Islam's second holiest shrine.

The Bill states that "a complete and united Jerusalem is the capital of Israel" and that "Jerusalem is the seat of the President, the Knesset, the Government and the Supreme Court," a consolidation of previous laws.

It follows a warning from President Jimmy Carter to Mr. Menachem Begin, the Israeli Prime Minister, that the legislation might induce Cairo to break off the Palestinian autonomy talks set up after the historic peace treaty between Egypt and Israel.

First indications, however, are that President Anwar Sadat of Egypt will not cut short the talks.

Contacts are already underway among Arab countries for the holding of an emergency summit to discuss the issue. Saudi Arabia has served notice that it will take strong action against any foreign country which recognises Jerusalem as Israel's capital.

The vote in the Knesset was 69-15 with three abstentions. Only a handful of resolute "doves" could bring themselves to vote against a move that gave expression to deep Israeli emotions.

Jerusalem has been considered the capital by Israel since the end of the six-day war when the Arab and Jewish parts of the capital were united as one municipality. But most foreign governments have kept their embassies in Tel Aviv.

The passing of the Bill will change little, but it carries enormous symbolic importance not only for the Arabs but for the Muslim world as a whole.

Opposition members in the Knesset managed to water the Bill down slightly by deleting references to Jerusalem's borders and by adding a clause guaranteeing freedom of access to holy shrines for all religions.

The only other addition agreed in committee was a vague pledge of financial aid to help the city's development.

The measure has the wholehearted backing of Mr. Begin. His next step, even more provocative, is likely to be the transfer of his own office into the Arab sector of the city.

Although constitutional experts say the law can be repealed by a simple majority of the Knesset there is very little likelihood of this, as the ultra-nationalist deputy Mrs. Gula Cohen knew when she introduced the Bill.

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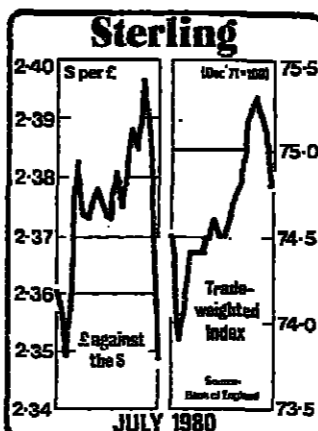
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MLR cuts decision in balance

By Peter Riddell

THE GOVERNMENT decision about whether to cut minimum leading rate today appeared last night to be finely balanced, as Ministers and officials examined preliminary indications of July monetary figures.

There is strong expectation in the City and at Westminster that the Government wants to cut MLR before Parliament rises for the Summer Recess at the end of next week.

The problem is how to interpret the July banking figures, due to be published next Tuesday, in view of the impact of ending corset controls last month.

The reduction in MLR four weeks ago was based on expectations of a fall in the underlying demand for credit later this year.

It seems that the authorities find it hard to make a distinction at this stage between the underlying trend and the distorting impact of the end of the corset. This could lead to a cautious approach about MLR.

The gilt-edged market was relatively quiet yesterday and prices of long-dated stocks slipped by up to 1/2. This had little to do with MLR expectations, but reflected profit-taking by holders and some switching by domestic holders ahead of large calls on partly-paid stocks in the next month.

The foreign exchange market was much more active yesterday as the dollar continued to strengthen against all currencies in response to rising Euro-dollar interest rates.

The dollar rose to DM 1.7765 from DM 1.7580 previously. The strength of the U.S. currency was also the main influence on sterling, which fell 2.20 cents to \$2.3485 for a drop of nearly 41 cents so far this week. The pound has remained relatively stronger against the main Continental currencies.

£ in New York

	July 29	Previous
Spot	\$2.3485	\$2.3525
1 month	\$2.3515	\$2.3555
3 months	\$2.3545	\$2.3585
6 months	\$2.3575	\$2.3615
12 months	\$2.3605	\$2.3645

Total number employed falls sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TOTAL EMPLOYMENT is falling sharply as the impact of the recession spreads from manufacturing industry to the rest of the economy.

The number of workers both in private-sector services and the public sector has started to decline after rising steadily for more than a decade.

Service jobs have not been available as in previous recessions, to offset part of the decline in manufacturing, contrary to the Government's hopes. The drop in employment in the past year has been much larger than in the mid-1970s recession.

Department of Employment figures published last night in its monthly gazette show that total employment in Great Britain dropped by 155,000 to £22,086m, seasonally adjusted, between December and March.

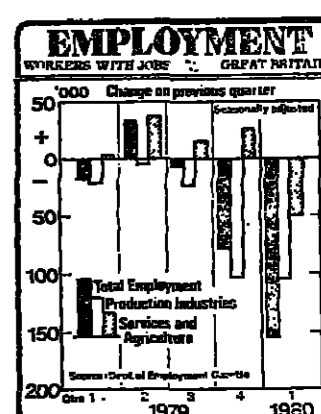
This was double the fall in the previous three months. The drop since the middle of last year has almost completely offset the increase of 250,000 in the three years to June 1979.

Total employment has undoubtedly fallen further since the end of the first quarter, to judge both by a drop of 100,000 from March to May in production industries, mainly manufacturing, and by yesterday's gloomy CBI survey.

The employment figures usually receive much less public attention than the monthly unemployment statistics, though they provide a clearer indication of what is happening to the structure of the labour market.

Manufacturing employment has dropped by just over 300,000 since last June, roughly the same as the drop at the beginning of the last recession.

The main contrast with the mid-1970s is in the service sector. Employment in private services and public administration



continued to grow from 1974 to 1976, contributing to an overall rise in service jobs of more than 1.1m in the 1970s.

But in the first three months of this year employment in services and in agriculture dropped by 50,000 after a rise of 30,000 in 1979.

The working population—employed plus the unemployed—dropped by nearly 150,000 in the year to March, though the number of people of working age is rising by 200,000 a year.

The rise in the potential number of workers and fall in jobs available has not been matched by the rise in unemployment.

Officials believe that the main reason for the missing workers has been earlier retirements, particularly by men.

It is possible that fewer married women are looking for work: the female working population has dropped

EUROPEAN NEWS

E. Germany halts decline in its economic growth

BY LESLIE COLTIT IN BERLIN

EAST GERMANY has succeeded in halting the slowdown in its economic growth, according to the German Institute of Economic Research (DIW) in West Berlin, in an analysis of the East German Government's economic report for the first half of this year.

The institute notes that the key indicator of produced national income, equivalent to Western Gross National Product, minus services, rose 5.5 per cent to the end of June, compared with a target figure of 4.8 per cent for the whole of the year. However, DIW says the increase is distorted by the low 2 per cent growth in national income in the first half of last year, as a result of severe winter weather, which curtailed output.

Industrial production so far this year rose 5.9 per cent compared with a 12-monthly target of 4.7 per cent.

DIW's specialists say a lower

growth rate is certain in the second half, as the economy is continuing to struggle against worsening terms of trade with both the Soviet Union and the West. They add that East Germany's normally thin statistics have been reduced in value even further, as monthly statistical reports have ceased and lump sum trade figures are not broken down into imports and exports.

In the five-year plan ending this year the ambitious industrial targets announced in 1976 have nearly all been reduced year by year, DIW points out. The chemical industry, for example, was to have expanded by 7.6 per cent each year, but the target has declined to 5.7 per cent this year.

Similarly, the machine-tool industry's annual growth was to have been 9.3 per cent, but the annual planned targets have been reduced to 7.5 per cent last year. In light industry, the

annual average growth over five years was originally set at 7 per cent, but this was scaled down to a 2.4 per cent goal this year.

East German farm output, however, has shown steady growth from a high base. DIW says the Government's recent decree eliminating higher State prices paid for meat from huge cattle farms is an attempt to reduce the industrial scale of meat output to the more efficient level of smaller State co-operatives. Starting next year the farms will pay a higher tax, based on profits, to compensate for the virtual freeze on basic food prices since the late 1950s.

Last year, the East German budget allotted 7.7bn marks (£1.85bn) in subsidies to keep basic foods cheap. This was half the total subsidy the Government spent to maintain low prices for basic products, rents, and public transport.

Cabinet intervenes in French oil row

By Terry Dodsworth in Paris

THE FRENCH Cabinet intervened yesterday in the growing conflict between the oil state-controlled company Elf Aquitaine and the Industry Ministry over the use of the increasing sums of money flowing into the nationalised group. The issue has become, in addition, a personal trial of strength in recent months between M. Andre Girard, the Industry Minister, and M. Alain Chalon head of Elf.

Both men have strong ideas on how Elf should spend the cash flooding into the group. M. Girard insists that the company has specific public responsibilities, while M. Chalon argues that it should operate with the same degree of freedom as any other business.

The latest round of the battle seems to have gone to M. Girard, following yesterday's Cabinet decision to reorganise the management of the group. M. Chalon is to be replaced as chairman of ERAP, the state-owned holding company, while remaining at the head of Elf, the operating company, in which ERAP has a 70 per cent stake.

The Cabinet's explanation of this decision is that ERAP has a role to play in preserving national energy interests, and that this is best carried out by a separate team, maintaining a watchdog brief over Elf itself.

At the same time, however, it seems as though the Industry Ministry has managed to place its own man in ERAP. M. Pierre Alby, who is taking over from M. Chalon, was previously chairman of Gaz de France, the nationalised gas utility. It is felt that, with this structure, and with new instructions on the limits of Elf's diversification, M. Chalon will find it less easy in future to bypass the Industry Ministry's control.

CLERGY ROLE IN EASING TENSION HAS PRICE FOR AUTHORITIES

Polish Church seeks return for aid

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S POWERFUL Roman Catholic Church has played a key role behind the scenes in helping to keep social tension within management limits during the recent wave of strikes. But it is now showing impatience that the authorities have made no substantive improvements in Church-state relations in return.

The authorities turned repeatedly to the Church in recent weeks for help in defusing tension. The Polish Church's line this month in talks with the authorities, both in Warsaw and at local level, was that it would do everything to maintain social peace but that justice must be done to working-class demands and conflicts must be resolved peacefully.

Senior Church officials say it was clear that one of the greatest concerns felt by the authorities during the strikes was that the Church should not join the chorus of protest and

take the opportunity to press its own demands. These include access to the media and permission to build more churches. But, most of all, the Church wants the state to recognise its legal status as a public institution.

These demands have been put forward by Cardinal Wyszyński, the Polish Primate, in public sermons and in private meetings with Mr. Edward Gierek, the Polish party leader, over the past three years. But as late as the end of June, the Polish bishops' conference stated openly "that there was a lack of significant progress" in the process of normalising relations between Church and state.

The Polish Church led by Cardinal Wyszyński, who will be 79 in August, takes the line that concessions forced from the authorities at moments when they are weak can prove transitory. It prefers, therefore, to get its way by a long process

of persuasion and reason. But the past few weeks have shown how much the state needs the Church's steady hand at times of crisis.

Meanwhile, the wave of sporadic strikes appears to be continuing with a short stoppage by train drivers in the Baltic port cities, ended after 30 minutes by a 10 per cent wage increase, and a strike at the Dolmel electrical works at Wrocław in south-west Poland.

Over 100 plants have been affected by strikes since the meat price rise of July 1, but tension appears to have been defused by the authorities' conciliatory approach.

But another blow to Poland's shaky economy has been dealt by widespread flooding of the Vistula and other rivers around Warsaw and 20 other districts. Over a million hectares of farmland have been affected and army units and civilians have been busy evacuating families



Cardinal Wyszyński: pushing the message home in sermons and meetings

Recession takes hold of Danish economy

By Hilary Barnes in Copenhagen

THE RECESSION is beginning to hit the Danish economy but the Social Democratic Government of Prime Minister Anker Jørgensen says no major adjustments to policy are planned before the 1982 budget is put together a year from now.

The most visible signs of recession are the 35 per cent fall in car registrations and 39 per cent fall in housing starts in the first half of this year compared with the same period last year.

Agriculture is going through one of its most serious post-war crises, and in the coming half year both manufacturing and the building industry expect a substantial decline in orders and output.

Unemployment has so far shown little change, running at about 153,000 or 6 per cent, mainly because some 45,000 people have been given early retirement benefits and have disappeared from the labour market statistics.

The economy is reacting less sharply, however, to rises in the price of oil.

In the 15 months from the end of 1978, wages rose by 14 per cent and prices by 15.5 per cent. Since December last year, energy prices have been moved from the retail price index, which governs the total price-wage linking system, so the inflationary danger is less serious.

The index has in fact risen at an annual rate of only 10.3 per cent so far this year. In June the rate was lower.

The Government has been encouraged by relatively good export figures this year as well. They rose by 28 per cent in the first five months of the year to Dkr 46.6bn, leaving the trade gap slightly up at Dkr 7.8bn.

Although the recession may bring about a drop in imports from now on, few economists expect any improvement in the current balance of payments deficit which is heavily burdened by rising interest payments on the country's net foreign debt, which exceeds Dkr 80bn (about 23 per cent of gross domestic product).

Manufacturing deliveries rose satisfactorily in volume by about 7 per cent in the first four months, although they fell by 3 per cent in May possibly influenced by the labour disputes in Sweden.

Italian trade gap narrows in June

BY RUPERT CORNWELL IN ROME

ITALY'S TRADE deficit narrowed significantly last month, further evidence that the long-awaited economic slowdown has begun. According to figures issued by Istat, the national statistics institute, June's provisional deficit dropped to L1,011bn (£520m) from L1,513bn (£770m) in May. The improvement would seem to indicate that raw material imports are beginning to decline following a fall in business activity at home, as recession spreads from the U.S.

The total deficit for the first half of this year, none the less, reached L7,793bn, far above the L4,725bn deficit for the whole of last year. The deterioration is due to a combination of higher

oil prices and the diminishing competitiveness of Italian exports.

The latest figures tend to confirm projections that the total trade deficit may reach L15,000bn (£7.5bn) in 1980, leaving a current account deficit of up to L5,000bn (£2.5bn) to be financed by borrowing and other foreign inflows into the commercial banking system.

At the same time pressure has eased on the lira, which in the immediate run-up to the June economic stabilisation package had needed substantial support by the Bank of Italy. Now, helped by the onset of the tourist season, the exchange rate is no longer causing particular concern, according to senior economic ministers.



Riot police confront demonstrators at the Zurich youth centre.

SWITZERLAND FALLS INTO THE GENERATION GAP

The opera house that caused a riot

THE SWISS idyll has been badly out of sorts in the past few weeks. A long series of demonstrations has brought violence, looting and general dissent to Zurich, quite apart from minor upsets in Berne and Basle. No one has been more surprised at the sudden outbreak of unrest than the Swiss themselves, who, with some justification, view their country as a haven of peace in a troubled world.

The trigger for the troubles was an unlikely one. In early June, Zurich had to vote on a referendum to grant a considerable sum of public money for a new Opera House. A few days before the polls a demonstra-

tion was organised at the existing building to protest against the grant, on the grounds that the city had not supported the development of an "alternative" culture centre, under autonomous control, at the former factory. The youthful protesters, who saw the Opera House grant as a symbol of middle-class and middle-aged oppression, started throwing things at opera-goers. The police moved in.

Although the disturbances have come to be known as the "Opera House riots", the question of the opera soon became very much a side issue. (Ironically enough, it is not impossible that a majority of the electorate would have voted against the grant had the riots not taken place). The youth and large sectors of the political Left wing made allegations of police brutality and claimed that the authorities had disregarded young people's demands. One demonstration bred another, each adding to the ill will on both sides.

Unlike the last Zurich riots, in the early year of 1968, there is little political content to the present troubles, despite the support of the Left. The motive behind the disturbances has been the age-old battle between the generations. In Zurich, as in Berne and Basle, the "enemy" for the demonstrators has been established and adult authority. Inasmuch as ideology has been involved, it has been that of anarchism. One slogan on the streets had the intriguing but significant text: "Turn the state into a cucumber salad."

The more or less spontaneous movement is not fundamentally nihilistic, however. In both Zurich and Berne the real point has been the creation of autonomous youth centres. Most Swiss cities have been dragging their feet on this, in some cases because self-administered youth centres have caused difficulties in the past—particularly in connection with drugs. After the first few demonstrations, the Zurich authorities made up for lost time and handed over premises close to the city centre for use as a youth centre. But this did not stop the disturbances, since the "autonomy" offered was considered insufficient.

In essence, the youth activists—who have chosen the interesting form of a "plenary session" as their organisation-free representation—want to look after what they consider their own affairs. The powers-that-be feel that guidance is needed, to say the very least, in the relations between the street and City Hall are hardly very cordial after the succession of mini-rebellions. Positions have been hardened by the riots themselves, the damage done by the police (in part against innocent bystanders), and the criminal charges pending against demonstrators.

Ordinary Swiss citizens are firmly on the side of law and

banned by Mr. Alfred Gilgen, the education councillor, on the grounds that it would be used for agitation. In fact, the film does not seem to have been massively "censored" to put the police in a bad light and edit out "undesirable" scenes involving demonstrators.

The worst scars may well be borne by the Social Democratic Party. Early on in the events, the Zurich party organisation and the Volksrecht newspaper came out wholeheartedly in favour of the demonstrators. The leaders of the Zurich City Social Democrats not only castigated critics of the protesters—among them the Neue Zürcher Zeitung newspaper, which a mob had attempted to storm in June—but charged the City Council and the police with over-reaction and brutality.

The interesting point is that four members of the City Council are Social Democrats. One of them, Mr. Emilie Lieberherr, had worked hard but unsuccessfully to establish a dialogue with the demonstrators and had been exposed to obloquy as a result. The party's leaders have come out fairly openly against their own representatives in the city government, and the four councillors immediately deplored the criticism.

The apparent Left-Right split in the Social Democrats, the city's biggest single party, will hardly do it much good with the electorate, particularly as most other parties have issued statements expressly regretting the violence of a small minority of young people. One Social Democrat of the Left went so far as to hint that the closing by the police of a cafe notorious for its drug dealers was intended to promote drug sales in the new youth centre and thus discredit it from the start.

The demonstrations now look as though they may be coming to an end, but they will probably leave behind a sense of severe disillusion among young people—and an increased conservatism among the electorate.

order. In a survey published last week, over 78 per cent of the people polled felt the riots had harmed the cause of the youth lobby (over 63 per cent of the 18 to 34-year-olds were of this opinion). Only 13.3 per cent felt the police had been too tough—as against no less than 25 per cent who said they had not been tough enough! The riots will certainly not do youth much good in future referendums. Still, there is something to be said for the cynical argument that without the disturbances little would have been done for young people anyway. Switzerland is a performance - oriented country and, as such, not very youth-minded.

Apart from the demonstrations themselves, the events of the past weeks have had considerable repercussions elsewhere. The university became embroiled on a matter of principle in a row with the Zurich City Council. Students of the ethological faculty had made a film of the Opera House demonstrations, the showing of which was banned by the city council.

Clouds of teargas wafting through Swiss city streets have tarnished that country's reputation as a haven of peace in a troubled world, writes John Wicks in Zurich.

called Isis and the larger 70 MW Osirak—are expected to start working in the course of 1981-82.

Israel's distrust of the project derives from the fear that the reactors will provide the nucleus for a team of nuclear engineers who could graduate to weapons technology, while also making available the potential raw material for a nuclear bomb. There is open scepticism about Iraq's need to develop a nuclear industry when it has sufficient energy resources in its oil fields.

In the French view, however, the Iraqis have given solid guarantees on the peaceful nature of the programme. The statement underlined that Iraq had signed the nuclear-non-proliferation treaty.

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	1978	1979
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Net profit	5	44

BSN is today the world's first producer of fresh products. In 1979 this division extended its activities to frozen foods by acquiring two French companies; it started activities in Japan through its association with the AJINOMOTO group.

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This division continued to diversify its activities with the take-over, beginning 1980, of food companies belonging to the "GENERALE OCCIDENTALE" group.

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Net profit	22	39

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In 1979 (consolidated figures)

	1978	1979
Turnover before taxes	16439	16439
Net results of Group	247	247
Net cash flow	1,147	1,147
Amortizations	825	825
Investments	1,544	1,544

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OVERSEAS NEWS

THE FUTURE OF JERUSALEM

Bitter Arab reaction likely after the Knesset vote

BY HSIAN HIAZI IN BEIRUT

THE MIDDLE EAST conflict has entered a new phase which could result in a serious escalation of tension following the Israeli Parliament's move to declare Jerusalem the undivided capital of Israel.

Even President Sadat of Egypt, the most moderate of Arab leaders, may have to yield to Arab and Moslem pressures to take a firm stand over the city which is regarded as sacred by 800m Moslems throughout the world. Thus the U.S.-backed Israeli-Egyptian peace process could be seriously stalled.

After the holy Moslem city of Mecca Jerusalem is the site of Islam's holiest shrines. The issue of Jerusalem concerns not only the Arabs but the entire Islamic world.

Turkey, which had steered clear of the Arab-Israeli conflict, has threatened to break relations with Israel if the Jerusalem Bill is passed by the Knesset.

Saudi Arabia, which regards itself as the main guardian of Islam because it houses the Kaaba, Islam's holiest shrine, this week served notice that it would take strong measures against any foreign country which recognised Jerusalem as Israel's capital.

The warning was delivered by the Saudi delegation at the United Nations. Similar warnings have been issued by the other oil-rich Arab states in the Gulf region.

Governments there have made it clear that they would use their oil as a weapon to stop foreign states from endorsing the Israeli move on Jerusalem.

King Hassan of Morocco, as head of a special committee on Jerusalem appointed by Islamic Heads of State, last

week sent an urgent appeal to President Sadat urging him to take a strong stand to stop Israel from spreading its sovereignty to east Jerusalem. The King promised that in return he would see that Egypt and its President were brought back into the Arab and Moslem fold.

Arab diplomats say contacts are already underway for the holding of an emergency summit conference by Islamic countries to discuss the Jerusalem issue. That would be similar to the Islamic summit held in Rabat in 1969 after the arson at Al Aqsa mosque in the holy city.

That summit institutionalised, for the first time, the pan-Islamic trend for joint action. The Islamic conference organisation which has its headquarters in Mecca was an outcome of the summit.

A resolution passed by the UN General Assembly on Tuesday, which called for Israeli withdrawal from occupied Arab land including Jerusalem, is expected to add strength to the Palestinian, Arab and Moslem positions.

Palestinian and Arab quarters are elated by the resolution, which also recognised Palestinian rights to self-determination and statehood. They are, however, angered by U.S. opposition to the resolution and West European abstentions.

A Palestinian official predicted an acceleration of the struggle against Israel by Palestinian guerrillas with support from the rest of the Arab and Islamic worlds.

One observer in Beirut commented yesterday that the Israeli Parliament's action had "short-circuited the chance of a negotiated settlement with Israel and made military action inevitable if Arab and Moslem

rights in Jerusalem are to be recovered."

A Moslem scholar went so far as to say: "This is a very grave moment in history with a religious war being a paramount option." He predicted outbreaks for a jihad or holy war to sweep the Islamic world, with serious repercussions for the West.

"This is probably the moment when Sadat will have to reverse his attitude or be swept away by the Islamic sentiment that is bound to be generated by the Israeli provocation against all Moslems," he added. This view may be an extreme one but it illustrates the gravity with which the Moslem world will view the actions of Mr. Menachem Begin, the Israeli Prime Minister.



The day Jerusalem fell: Yitzhak Rabin (right), later to be Prime Minister, Moshe Dayan (centre) Defence Minister at the time, and area commander Uzi Narkis stride through Lions Gate.

Holy site's changing status

BY ANTHONY McDERMOTT

EAST JERUSALEM, then under Jordanian jurisdiction, fell to Israeli forces on June 7, 1967, the third day of the six-day war. On June 28, west and east Jerusalem were effectively united, according to Israeli legislation, which entailed three Bills:

The first authorised the Government to apply Israeli law and administration "in any area of Palestine to be determined by decree." The second assured freedom of access to the holy places of Jerusalem to members of all faiths. The third authorised Israel to extend the jurisdiction of municipalities and to appoint additional councillors.

The third Bill made Jerusalem and its environs the only Arab land taken in that war to be annexed. Mr. Menachem Begin, the present Prime Minister, in a letter to President Jimmy Carter, dated September 17, 1978, and appended to the Camp David agreements, described the legislation thus: "On the

basis of this law, the Government of Israel decreed that Jerusalem is one city indivisible, the Capital of the State of Israel."

As early as July 4 1967, the UN General Assembly, in resolution 2253, expressed deep concern "at the situation prevailing in Jerusalem as a result of the measures taken by Israel to change the status of the city." A steady stream of both General Assembly and Security Council resolutions have followed, reflecting concern about infringement of the clauses of the Geneva Convention dealing with territories occupied in war.

Resolutions also complained about physical changes of the annexed area, including the expropriation of land and the destruction of property.

The religious concern felt by Jews, Moslems and Christians for Jerusalem is well-known. Under Jordanian jurisdiction, Jewish access to the Wailing

Wall, for example was barred. Of almost equal emotional worry, was a fire in August 1969 at Al Aqsa mosque, which was caused by a deranged Australian, but which also appeared to confirm Moslem fears for their shrines under Israeli control.

In Arab-Israeli negotiations, it has been tacitly accepted by most parties and their backers that Jerusalem is such a delicate issue that it is best left until the end. What the Bill before the Knesset does is to state explicitly that Jerusalem should be forever the undivided Israeli capital and seat of Government, Parliament and judiciary.

Some Israelis are not insensitive to the emotional and political embarrassment this will cause to its allies and to Egypt. But few can vote against. Its timing could hardly be more unfortunate, even though Israelis, characteristically throw up their hands and ask, "What does it really change?"

The Old City 'is now forever part of Israel'

BY A SPECIAL CORRESPONDENT IN JERUSALEM

THE FALL of East Jerusalem to Israeli arms on Wednesday, June 7, 1967, sent a glow of pure rapture through the embattled Jewish nation. The Six-Day War had three days to run, and hard fighting lay ahead to secure the eastern bank of the Suez Canal and to storm the Golan Heights.

Crucial as these later battles turned out to be, they were in some ways an anti-climax for Israelis. What mattered above all was that the Temple Mount, site of the Biblical Holy of Holies, was again under Jewish control for the first time in 2,000 years.

The fighting for the walled Old City was all over by the Wednesday afternoon. That day a Rabbi in paratrooper's uni-

form sounded the ceremonial shofar, a ram's horn trumpet, in the precincts of the sacred Western Wall — the Wailing Wall — after which Israel proclaimed East Jerusalem annexed to the Jewish state for ever.

The first Jewish civilians allowed into the Old City on the day of its capture rode in on a press bus through the Mandelbaum Gate, a wood-roofed structure which for 19 years had been the official crossing point for those few people mostly from the United Nations allowed to cross between the two sides of the city.

Before that day ordinary Israelis could only glimpse the wonders of the Old City through tourist telescopes set up on strategic roof tops.

For the religious Jew, the importance of Jerusalem needs no explaining. The Temple Mount is central to the history of today. The Western Wall, referred to as the Wailing Wall because of the cries emitted by worshippers in its shadow, represents all the known remains of the Second Temple, destroyed by the Romans. It is the most holy shrine of the Jewish faith.

Most Israelis are not observant Jews, and practise their religion in perfunctory ways at best. But for them, too, the mystic significance of Jerusalem seems hypnotic. To be in Jerusalem once more was the goal of the Zionist endeavour. And Jerusalem meant not just the western

suburbs but the Temple Mount itself.

The Mandelbaum Gate did not long survive. It was erased from the landscape, as were all other signs of division between the two Jerusalems. Israeli money, Israeli laws, and above all Israeli security took root in East Jerusalem, while the numbered Arabs looked on helplessly. Outside Jerusalem the West Bank was treated as occupied territory. Not so East Jerusalem. Its Arab population was constantly told: "This city is now for ever part of Israel."

By and by new homes began to shoot up in the north and eastern sections of the city, in areas once controlled by Arabs. In time they spread out to create brand new suburbs

which gradually began to encircle Arab areas and cut off the view to the East where the Judean Desert slopes down to the Jordan Valley.

In the main, Jerusalem Arabs accepted the occupation with resentful passivity, apart from sporadic outbursts of violence and periodic commercial strikes. Unlike the Arabs of the West Bank, where rich merchant families tended to provide natural leaders, the 100,000 Jerusalem Arabs had little in the way of obvious leadership. But the Arab bitterness is evident. They resent military government and its rules, such as the ones which prevent them from buying cheap produce from their

families on the West Bank. Most of all they resent the ubiquitous Israeli soldier.

Since the advent of Mr. Menachem Begin's Government, intense pressure has been brought on foreign and Israeli institutions to move their headquarters from the commercial grime of Tel Aviv to the stately hills of Jerusalem. This pressure has been resisted, notably by foreign embassies, who keep their missions firmly planted in Tel Aviv.

Supporters of the new Jerusalem Bill admit that it will change nothing on the ground. But they say that, however awkward it may be politically, the Bill expresses the deepest feeling of nearly all Israelis. In this they are probably right.

Johannesburg strike worsens

BY BERNARD SIMON IN JOHANNESBURG

MORE THAN 10,000 black municipal workers were on strike yesterday in Johannesburg—the largest number of strikers ever to have taken part in a work stoppage in South Africa.

The municipality has called on children and private contractors to help maintain skeleton refuse and sanitation services. Wage demands are the immediate cause of the strike.

A more important issue, however, is a claim for recognition by a black trade union which says it has the support of over half the city's black workers. Employers in South Africa are increasingly facing the dilemma of whether they should try to persuade workers to accept management-sponsored works committees and in-house unions, or tolerate more

popular but more militant, independent unions.

Johannesburg City Council favours works committees and the union of Johannesburg Municipal Workers, which has applied for Government registration as a trade union. The council has refused to negotiate with the recently-formed Black Municipality Workers' Union, which has organised the strike.

In an attempt to bypass the BMWU the city authorities yesterday asked strikers, most of whom are migrant workers, to stay in their compounds so that senior officials could address them in small groups. The council has also asked representatives of the tribal homelands to accompany its officials to the compounds. It hopes they can persuade workers to elect representatives

to negotiate with the employers.

The Council's tactics have not yet borne fruit and are coming under increasing criticism from trade unionists, opposition politicians and labour experts. Mr. Andrew Levy, a labour consultant, warned of the "foolhardiness of forcing on workers the type of unions which employers rather than workers want."

A similar dispute to the Johannesburg strike arose three weeks ago when striking drivers employed by the Puteo bus company refused to negotiate through a management-approved committee, and insisted on recognition of an action committee. The drivers' grievances have not yet been resolved, but they have returned to work.

U.S. Congressmen send hostage plea to Iran

TEHRAN—A letter signed by 187 U.S. Congressmen urging the speedy resolution of the American hostage crisis has been handed to the Speaker of the Iranian Parliament, Mr. Marous Kariser, the Swiss Charge d'Affairs, said yesterday.

He was confirming a newspaper report that the letter, signed by the Speaker, Hojatoleslam Hashemi Rafsanjani, at a meeting at the latter's office last night.

The letter, which Mr. Kariser said was dated July 2, expressed awareness of the domestic problems confronting the recently-elected Parliament and expressed the hope that a better understanding of the goals and aspirations of both countries and peoples could be found.

The letter urged that the hostage question be given the "highest and earliest priority as a first step towards solving

the more immediate and crucial threats facing the free nations."

The 270-seat Parliament, in which the clergy-dominated Islamic Republic Party forms the largest group, has been entrusted by Ayatollah Khomeini with the task of deciding the future of the 52 American hostages, held since last November. There has been no firm indication when the House will begin debating the matter.

The Congressmen's letter was delivered via Switzerland because that country looks after U.S. interests in Iran.

The newspaper, Islamic Republic, reported that, after his meeting with the Swiss diplomat, Speaker Rafsanjani said: "I stressed that our relations with the U.S. are hostile and conditions created by the U.S. prevent understanding and the reaching of a peaceful solution." Reuter

Thai arms spending increases

By Our Bangkok Correspondent

THAILAND'S Prime Minister, General Prem Tinsulanonda, yesterday presented to Parliament a budget calling for a sharp increase in defence spending in 1981.

Military spending would rise 23.8 per cent over last year to 27.7bn baht (£570m), or about 20 per cent of expenditure. The total budget figure of 140bn baht is 22.2 per cent higher than the budget for the current fiscal year, which ends in September.

The Thais are jittery about the threat posed by Vietnamese troops in neighbouring Kampuchea. Late last month the Vietnamese led a brief but bloody raid across the border. In his speech to Parliament, the Prime Minister said that the increased defence funds would be used to enlarge the armed forces, to increase efficiency and to buy new arms.

The budget also includes funding through the Interior Ministry for 1,900 additional border patrol police, who are dealing with Thailand's low-level but persistent Communist insurgency.

Despite the dramatic increase in the military budget, Gen. Prem presented the budget as one designed to relieve the plight of the rural poor. He noted that more than 32bn baht, or 23 per cent of the budget, is allocated to economic development, with emphasis on increasing agricultural efficiency and job creation in the countryside.

Other major items include 28 bn baht, or 20 per cent of the budget, for education and 17.5bn baht for loan repayment.

Meanwhile Thailand and Japan have signed an exchange of Notes on economic co-operation under which Japan will extend to Thailand a long-term low-interest loan of 50bn yen (£92m) for 1980.

The bilateral loan, which is the seventh to Thailand since the first Yen loan was extended in 1958, will be provided by Japan's Overseas Economic Co-operation Fund.

Indian Government offers concessions to Assam

BY K. K. SHARMA IN NEW DELHI

MRS. GANDHI'S Government attempted yesterday to end the turmoil in the troubled north-east region of India by announcing concessions to the agitators in Assam where students last week called a partial halt to 10 months of agitation.

Mr. Zail Singh, the Home Minister, told Parliament in Delhi that the Government would release on Saturday all arrested students not involved in cases of violence. It would also withdraw the notification which called Assam a disturbed area and which gave the army vast powers to maintain law and order.

The hopes are that the student leaders of the agitation will reciprocate by calling off their movement for the deportation of all "foreigners" from Bangladesh and the Indian state of West Bengal.

The students are not allowing crude oil to be transported to refineries in other parts of the country. This has cost the Indian economy Rs 4bn (£216m).

Mrs. Gandhi evidently believes that strong measures taken so far against the Assam agitators have not been successful and is now turning to negotiations.

The Assam agitation has spread to other states in the region, notably Tripura, where a general strike has been called for today. Tribal people in Tripura massacred Bengalis a few weeks ago in an uprising against the "foreigners."

Hopes for peace in Mizoram, where an insurrection has been in progress for several years in support of a demand for independence, were also revived yesterday when it was announced that the leader of the rebels, Mr. Laldenga, had agreed to call off the armed movement.

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AMERICAN NEWS

WORLD TRADE NEWS



Mr. Morris Udall

Udall rejects candidacy as Carter's ratings drop

By David Buchan in Washington

WITH THE memorably dry words "If nominated I will run for the Mexican border, if elected I will fight extradition," Representative Morris Udall yesterday sought to rule himself out as a last-minute choice for the Democratic Presidential nomination.

Mr. Udall, who ran second to President Carter in the 1976 primary elections, said his job as keynote speaker to the mid-August party convention in New York was to stay neutral in the dogfight between the President, whose popularity has dropped heavily according to an opinion poll yesterday, and Senator Edward Kennedy.

In varying degrees of humour and firmness, Vice President Walter Mondale, Mr. Edmund Muskie, the Secretary of State, and Mr. Udall have now publicly said they do not want to be the eleventh-hour compromise candidate that some Democrats are hoping will emerge from the New York convention. Only Senator Henry Jackson has openly equivocated, saying he is flattered by the attention of those promoting his possible candidacy.

By mid-week, the drive by some disaffected Democrats to shake the beleaguered Mr. Carter's hold on the majority of convention delegates seemed to have levelled off. The White House has now set in train an effort to disclose all the facts on Mr. Billy Carter's links with Libya, with the President saying he is willing to testify to the Senate inquiry in person and promising a full report on his Administration's involvement by next week.

Mr. Robert Strauss, the Carter campaign chairman, has in addition, broken off a Californian holiday to head off any desertions by pro-Carter committed delegates before the New York gathering.

But a new Harris opinion poll released yesterday indicated that President Carter's popularity has dropped to an all-time low. Only 22 per cent of those surveyed in the last two weeks approved of Mr. Carter's performance in office.

La Paz junta 'backed by people'

By Our La Paz Correspondent

BOLIVIA'S General Luis Garcia Meza has claimed that the "climate of normality" in the country demonstrated the Bolivian people's support for his Government.

He said his Government would remain in power until the goal of "national reconstruction" had been fulfilled and repeated his earlier claim that deposed President Lidia Gueiler had willingly turned over the Government to the armed forces in view of what he claimed was social and economic chaos in the country.

Gen. Garcia Meza charged that Bolivia's efforts to establish an elected civilian Government had been undermined by the politicians. Foreign interests had openly interfered in the elections, while Cuban-style communist groups had conducted terrorist activity in the country.

The recent condemnation of Bolivia by the Organisation of American States constituted an open interference, he said, and if the Andean Pact countries continued their critical stance, Bolivia might withdraw from membership.

The Garcia Meza regime has received recognition from only three countries, Taiwan, Paraguay and Argentina, which is said to have played an active role in bringing the new regime to power.

Gen. Jose Sanchez Calderon, the new Finance Minister, has stated that the regime would honour its agreement with the International Monetary Fund and continue efforts to renegotiate the country's foreign debt, estimated at \$3.7bn (£1.6bn).

Consumption fall forces companies to cut oil prices

BY DAVID LASCELLES IN NEW YORK

FOLLOWING A dramatic drop in consumption U.S. oil supplies have recently become so abundant that domestic oil companies have been forced to cut their prices to remain in the market.

This marks a sharp turnaround from the situation last year when petrol was so short that motorists queued for hours, and prices soared.

In its latest weekly bulletin, the American Petroleum Institute, the oil industry trade group, reports that crude oil stocks stand at 372m barrels, nearly 50m barrels more than in the same week last year.

U.S. imports of crude oil are also down sharply, from a daily rate of 5.5m barrels last year to 4.3m barrels in the latest statistical week ending July 18. Imports of petroleum products are also down.

This drop is partly caused by declining petrol consumption. Refinery output of this product is down nearly 10 per cent on last year, and production of other major petroleum products like fuel oil has also fallen quite sharply.

On the supply side, the U.S. has also managed to reverse the decline in production to a level where output is currently exceeding last year's level.

According to the API, output is now running at 5.7m barrels a day (b/d), up from 5.4m b/d in the same week last year, mainly because of the rising contribution from the Alaskan North Slope.

This glut, which analysts warn may only be temporary, has led to a weakening in prices, and a squeeze on refining margins.

In the light of these trends,

Heavy fines proposed in CIA secrecy legislation

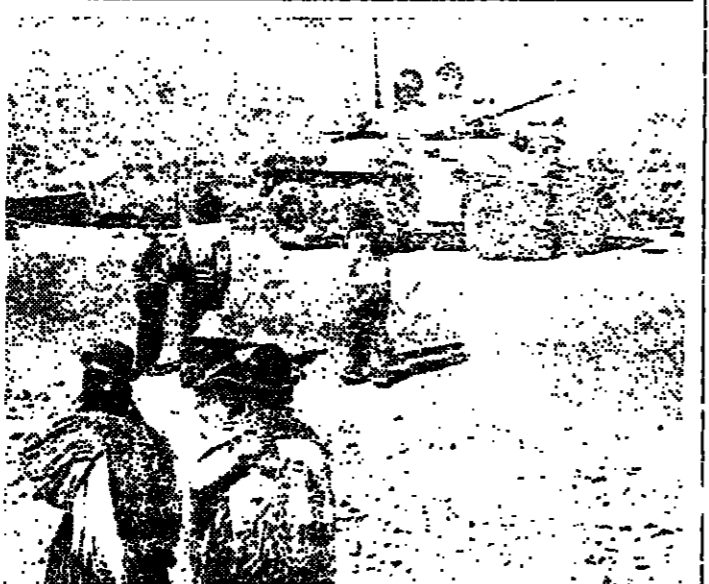
BY OUR WASHINGTON CORRESPONDENT

INTELLIGENCE committees in both Houses of Congress have now approved draft Bills that would set tough criminal penalties for disclosure or publication of the names of U.S. undercover agents.

Under the Bills, which are virtually identical, U.S. Government officials could be fined up to \$50,000 (£21,000) or jailed for up to ten years for making agents' names public.

The legislation is considered likely to pass in the current session of Congress. Its thrust was explicitly endorsed by this month's Republican Party convention, and many Democrats who led efforts in the mid-1970s to rein in U.S. intelligence operations, in the wake of Watergate, are aware of the public feeling that intelligence has been weakened in the face of a renewed Soviet threat.

But objections on the floors of the Senate and House of Representatives may be raised,



Chola Indians in a La Paz suburb, apparently unconcerned by soldiers and their armoured car.

Repression has begun in Latin America's least-stable nation, writes Mary Helen Spooner in La Paz

Why Bolivia's soldiers marched back to dictatorship

SPRAY-PAINTED swastikas have appeared on walls in La Paz, Bolivia's capital. The two week-old Government led by Gen. Luis Garcia Meza has declared its intention to remain in power until "all traces of the Marxist cancer" have been eliminated. The new Interior Minister said with a straight face that the Government could not reveal the number of political prisoners because more arrests were being made. Reliable reports in La Paz say torture is being used against detainees.

Less than a month ago Bolivia, which has had 189 coups in its century and a half of independence, was on the verge of joining the club of young democracies in South America. The June 29 election, in which Sr. Hernan Siles Zuazo, a Left-wing moderate, gained the most votes, were among the fairest in Bolivia's history. Congress was willing to ratify Sr. Siles as President. Bolivia, the most insular and poverty-stricken nation on the continent, seemed

to be approaching political maturity. These hopes were shattered on July 17, with the revolt of Bolivia's Sixth Army Division. While Gen. Garcia Meza's regime faces a highly uncertain future in the face of mounting international censure, the fact that it managed to seize power in the first place illustrates the fragility of the country's political institutions.

Many Bolivians have commented with sad irony that the biggest achievement of Sr. Lidia Gueiler, the interim President deposed by the military, was that she managed to remain in power as long as she did—a total of eight months. Between 1923 and 1953 no Bolivian head of state has completed his term of office, and 17 people have held the presidency since 1964.

Yamaha to build plants in Spain and Mexico

By Charles Smith, Far East Editor, in Tokyo

YAMAHA MOTOR, the world's number two motor cycle manufacturer, expects to establish manufacturing plants in Spain and Mexico in the near future. The Spanish plant will initially supply the domestic market only but could become a base for serving other West European markets after Spain joins the EEC.

Yamaha's Spanish venture will take the form of a joint venture with two local manufacturers, Maquinaria y Elementos de Transportes and Talleres Sanglas, which are themselves on the point of merging. The joint venture company should be formed by January of next year and production, from an existing plant, will begin during 1981.

Yamaha expects that the plant will concentrate on machines in the 400 cc to 500 cc range since these are already being produced by its prospective partners. Yamaha has been unable to enter the Spanish market up to now because of a ban on imports but sold about 177,000 units in the EEC last year.

In Mexico Yamaha will take a 49 per cent stake in a joint venture with a local company, Alpha Mexico. The company will be capitalised at \$10m and will initially produce 20,000 units per year of small to medium sized motor cycles (around 100cc). Yamaha does not export to Mexico at present because of prohibitively high import tariffs.

The Spanish and Mexican plants will give Yamaha its first foothold in Europe and North America but the company already manufactures motor cycles in South America and South East Asia. The largest overseas plant operated by Yamaha is in Indonesia with an annual output of 150,000 units.

Japanese in Indonesia oil supply deal

By Richard Cowper in Jakarta

AS PART of Japan's continuing bid to maintain security of supply for its energy needs, a Japanese Government-controlled finance company has agreed to provide Indonesia's state-owned oil company, Pertamina, \$91m (£39m) in soft loans for the development of three Indonesian oil fields in return for the right to import at least 40 per cent of any oil produced.

The Indonesian Nippon Oil Company (INOCO), which is 50 per cent owned by the Japanese Government, signed a similar deal in December last year when it lent Pertamina \$160m for oil and gas exploration. Both deals are radical departures from production-sharing agreements currently in existence between foreign oil companies and Pertamina, in that INOCO is merely providing high risk finance in return for an option to buy 40 per cent of any oil found, thus leaving Pertamina as sole operators.

For Pertamina the advantages are that it gains valuable new experience as an operator and access to relatively cheap money at almost no risk. Interest rates on the loan are currently running at less than 9 per cent while they only have to be repaid if sufficient oil is found to cover them.

The Ceylon Petroleum Corporation has signed an oil exploration agreement on a production sharing basis with Cities Services Company and C.O.M.B.O. Correspondent writes.

Cities Services will make an initial investment of Rs 90m (£2.37m). If oil is discovered, 40 per cent of production will be used to offset the concession holder's cost.

In spite of the official frown, it is clear that the Chinese market is potentially a lucrative one and that goods are reaching the mainland. Foreign economists in Taipei estimate

that about 0.5 per cent of Taiwan's exports, worth about \$90m, went to the mainland last year. Official statistics in Hong Kong also show that goods worth more than HK\$100m (\$12m) passed through the British crown colony last year en route from Taiwan to China.

There is trade the other way too. Again according to Hong Kong statistics, China exported \$56m worth of goods through Hong Kong to Taiwan. The bulk of China's exports were foodstuffs and herbal medicines whereas Taiwan's sales to China consisted of more sophisticated and industrial items like textiles, tape recorders, electronic goods including televisions.

"There are severe penalties on anyone found exporting goods to mainland China, even indirectly," said Mr. Vincent Shao, the deputy director of the Board of Trade in Taipei. "Our trade policy is in line with our national policy and we do not have any relations with Communist China. We have heard of this trade and have checked and found nothing. If we found anything we would ban the export and the exporter would be punished."

These factors, plus the repeated failure of military-backed presidential candidates such as Gen. Banzer to win any of the three elections held since 1973, laid the groundwork for the country's last two military takeovers.

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This picture changed considerably with Bolivia's 1952 revolution, which sought to bring about massive social reform. The armed forces' share of the national budget was cut from 23 per cent to less than 7 per cent. The military academy was closed and some 80 per cent of officers were forced into retirement.

As a result, many older Bolivian military officials tend to equate civilian rule and

W. Germany seeks to reduce deficit by selling more to oil producers

BY KEVIN DONE IN FRANKFURT

WEST GERMANY is seeking to boost exports to the oil-producing countries, including the UK and the USSR, as the first line of attack in its attempts to reduce the mounting deficit on the current account of the balance of payments, which this year is expected to rise to around DM 25bn (£6bn).

According to the Bundesbank, the West German Central Bank, the opportunities for raising the volume of exports to the OPEC countries, and particularly to the more populous oil-producing states, have been underestimated.

The ability of the OPEC states with large populations to absorb more goods from West Germany has already been shown in the first five months of 1980.

Exports in general to OPEC rose by 21.5 per cent in the first five months of 1980 to DM 9.3bn. According to a provisional figure of the Bundesbank the increase

in June was 40 per cent against the same month in 1979.

The growth of German exports even to oil producers with small populations could also be substantial, according to the Bundesbank, particularly to Saudi Arabia and Libya. The impact of the latest series of oil price increases will have only a gradual beneficial impact on the level of German exports: any repeat of the German export boom that followed the first oil crisis in 1974-75 when West Germany tripled its exports to OPEC countries is ruled out by the Bundesbank. But significant increases are already apparent in the second quarter of 1980.

The Bundesbank bases its optimistic forecasts for German exports also on increasing trade with the non-OPEC oil-producing countries.

Exports to the UK, Norway and the USSR, which are now supplying more than 20 per cent of the Federal Republic's oil needs, increased by 18 per cent

in the first five months of 1980 compared with the rise of just over 16 per cent in total exports. In recent months exports have been rising particularly quickly to the UK, a performance which has clearly been helped by the strength of sterling against the Deutsche Mark.

The increased purchasing power of the oil-producing countries—created by the rise in oil prices—has led in more cases than is frequently realised, to a quick increase in German exports," says the Bundesbank. West German industry, with its high emphasis on capital goods, should be well-placed to capture a growing share of the OPEC market. From 1972-73 to 1977 its share of the total exports of the Western industrialised countries to OPEC rose from 13.3 per cent to 16 per cent.

The turmoil in Iran upset this pattern and reduced the German share to 13.5 per cent by 1979. In 1978 the Federal Republic accounted for fully a quarter of

all Iranian imports from the industrialised countries. This has been offset, however, by the increasing revenues that are accruing to West Germany from services. By last year the value of this work had risen to DM 7.3bn, a tenfold increase since 1973. The biggest single contributor has been the building and construction industry, with the bulk of work coming from Saudi Arabia.

The success of the West German export machine together with the fall on the oil markets turned a current account deficit with the OPEC countries in 1974 of DM 11.5bn into a surplus of DM 8bn by 1978. As a result of the latest oil price increases the position has again been reversed. In the first six months of 1980 more than half of the DM 12.3bn deficit is accounted for by trade with OPEC, but the Bundesbank is hopeful that the recent increases in exports can at least begin to reverse the trend again.

more than half. The leading targets for West German foreign investment are countries in the developing world, including several Mediterranean nations such as Greece, Spain, Turkey and Yugoslavia.

The uneven distribution is particularly noticeable when it is seen on a per capita basis. In 1977 investment in the southern European countries amounted to DM 40 per capita, in the industrialised countries outside Europe to DM 23 per head and in the poorest countries of the Third World to only DM 1.30.

The main concentration of investments, 40 per cent—has been concentrated in only three industrial sectors—motors, chemicals and electrical goods.

The DIW says that the decline in the share of investment in the developing world, which has occurred despite Federal subsidies, favourable currency

developments and low labour costs, is explained by investors' concern over the risks involved which has sharpened since the early 1970s.

Only Federal Government subsidies on a completely unrealistic level would do anything to reverse this trend, the DIW adds.

It suggests, however, that Federal assistance and development aid should be made more available to medium-sized German companies, which face particular obstacles in gaining information about investment opportunities in the developing world.

In addition Federal development aid subsidies should be made conditional on companies making certain defined criteria in benefiting the economies of the developing countries. Companies should also be bound by the OECD code on the conduct of multinational companies.

The star performing sector was manufactured goods which notched up a 15 per cent increase in volume. Goods in this sector were valued at almost £12bn and accounted for 57 per cent of total exports. However, the overall volume growth was less than 5 per cent against about 10 per cent in 1978.

This slowdown is mainly attributable to changes in the agricultural sector, where meat (the leading food item) showed only a marginal value increase and exports of live animals dropped by over a quarter, the report says.

through places like Singapore and Japan. The case of the television sets is a curious one as they are branded with the name of one of the big industrial companies in Taiwan, and are clearly marked: "Made in Taiwan" rather than being passed off as Singapore or South Korea products.

Most businessmen feel that the authorities in Taiwan must be aware of the sales. Another delicate factor is that most of the leading businessmen and industrialists in Taiwan are Taiwanese rather than mainlanders, so they do not have the political sensitivities of the rulers who are members of the Kuomintang. In their case, the profitable commercial logic of selling to China has become stronger now that Beijing has removed duties on goods from Taiwan.

A leading Western economist in Taipei commented: "Sure, the rulers here are happy that they are ahead economically, and they see this as the great justification of their rule. But they are also highly suspicious of the nature and the stability of the regime on the mainland."

As Mr. Shu put it: "The mainland Communists will take every advantage to put pressures on us. We have to be wary no matter whether they turn a sugar smiling coat towards us. We have learnt the bitter lessons of 30 years and we understand the attempt behind their smiling faces."

With a conservative military Government in power, Bolivia

Third World investment declines

BY KEVIN DONE IN FRANKFURT

DESPITE THE spectacular rise in West German investment overseas last year, the share that is being spent in developing countries has shown a sharp fall.

According to the Berlin-based German Institute for Economic Research (DIW) developing countries attracted only some DM 1.1bn (£264m) of West German foreign investment in 1979, some 14 per cent of the total, compared with a share of 38 per cent in 1976.

This decline has been accentuated by the 29 per cent rise in West German overseas investment last year, which pushed the total to DM 7.8bn compared with only DM 3bn in 1972.

At the same time some four-fifths of the Federal Republic's accumulated investment in the developing world has been concentrated in only ten countries with Brazil and Spain taking

more than half. The leading targets for West German foreign investment are countries in the developing world, including several Mediterranean nations such as Greece, Spain, Turkey and Yugoslavia.

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With a conservative military Government in power, Bolivia

helped bring down Col. Natusch. The military also received the tacit support of Right-wing political groups and those with links to the country's massive cocaine trade, which Sr. Siles had promised to combat.

One diplomat in La Paz, with uncharacteristic bluntness, described the Bolivian military as "a group of thugs" which the upper classes were perfectly content to use to keep things under control to their liking.

This assessment seems unfair in view of the progressive-minded officers within Bolivia's armed forces. But much of the command has been coloured by earlier training from U.S. military advisers who espoused cold war fears of Communist subversion. More recently, Bolivian soldiers have been influenced by their Argentinian counterparts, who have provided extensive military training since 1977.

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Ireland's overseas sales up 18%

Financial Times Reporter

IRELAND'S visible exports for 1979 totalled £15,488.5m (£3,156m), an increase of £1,535.3m or 18.1 per cent over 1978. This was announced yesterday by the Irish Export Board.

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The new 1.7 litre Morris Ital accelerates from 0-60 mph in 12.7 seconds – as fast as a BMW 316, and overtakes faster than a Mercedes 200 (independent AA test figures).

And yet it does 40 miles to the gallon* which is even better than a 1300cc Fiat 131.

It costs even less to insure than the small Renault 5TS.

Power and Performance

The 1700cc 'O' Series overhead camshaft engine with

The new Morris Ital.

Both engines feature an award-winning temperature-controlled air intake and ballasted ignition coil for better cold starting.

Peace of Mind

The new Ital's servo assisted brakes are in a failsafe dual circuit system. Anti-roll bars are standard front and rear on the saloon.

of the quietest cars in its class and there is a five push button radio** to prove it.

The cloth trimmed, sculptured seats are as beautiful as they are comfortable and recline on HL and HLS models.

Strength and Durability

The Ital body has more welds per foot than most manufacturers demand.

Full underbody sealing and wax injection of sills and cross-members.

The five coats of paint are inspected and rubbed down by hand. Stoving to 125°C and new processes ensure a high gloss finish.

The Morris Ital incorporates over 120 major and detailed engineering

non-stop at full power.

Undergone torturous durability tests over cobbled roads, deep potholes and high kerbs again and again. And even been driven into a 100 ton concrete block at 30mph.

Easy on the Pocket

Main service intervals have extended to 12,000 miles.

This has been achieved with engineering developments like sliding contact breaker points and long-life plugs.

Add to this low cost insurance, spare parts and Supercover and the

All Morris Itals achieve 30mpg in Urban Driving.

Official Government Fuel Figures.*

	Urban	56mph	75mph
1.3 Manual Saloons	31.7	45.0	34.0
1.7 Manual Saloons	30.0	40.1	28.1
1.3 Manual Estates	31.7	44.5	33.5
1.7 Manual Estates	30.0	39.6	27.7

1.3 Manual Saloon: (l/100Km). Urban – 8.9.90Km/h – 6.3.120Km/h – 8.3.

1.3 Manual Estate: (l/100Km). Urban – 8.9.90Km/h – 6.4.120Km/h – 8.4.

1.7 Manual Saloon: (l/100Km). Urban – 9.4.90Km/h – 7.1.120Km/h – 10.0.

1.7 Manual Estate: (l/100Km). Urban – 9.4.90Km/h – 7.1.120Km/h – 10.2.

Fiat Mirafiori 1300: mpg (l/100Km). Urban – 25.7. (11.0). 56mph (90 Km/h): 28.7 (7.3). 75mph (120Km/h): 27.7 (10.2).

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result is much lower running costs and less inconvenience all round for you.

The new Morris Ital styled in Italy by Ital

Design of Turin, engineered and built in Britain.

A QUALITY PRODUCT WITH SUPERCOVER FROM **MORRIS**

A range of 10 saloons and estate cars from £3736.

alloy cylinder head has extra bottom end torque for fewer gear changes.

The new 1300cc 'A' Plus unit with stellite faced valves, twin manifold exhaust and viscous coupled fan, has uprated top speed and acceleration but returns an incredible 45mpg.*

halogen headlights give flat-top beams to illuminate better on dip and incorporate wraparound indicators.

Big resilient bumpers shrug off parking bumps.

An all new Acoustic Control Pack makes the Ital one

advances to ensure reliability.

The whole car has passed merciless tests.

It has driven many thousands of high speed miles,

Styled in Italy. Built in Britain.

For free colour brochure write to: Rich Information Services, P.O. Box 4, Cowley, Oxford. Price correct at time of going to press. Excludes number plates and delivery Ital (Registered) is the HL with optional passenger door mirror and head restraints. **HL and HLS models only.

UK NEWS

Meriden's £12m loans must be paid back

By John Elliott, Industrial Editor

THE GOVERNMENT has decided not to waive loans and interest totalling nearly £12m which are owed by the Meriden motorcycle workers' co-operative to the Department of Industry and the Export Credit Guarantee Department.

This decision will be announced in the Commons in the next few days and will push the co-operative towards closure.

Earlier this week the enterprise's 460 workers were put on a two-day week because of shortage of orders.

The request for the debts to be waived was made by Mr. Harry Hooper, chairman of Armstrong Equipment, a Hull-based engineering company.

Last month he said he would mount a rescue for the co-op providing he did not have to inherit its debts.

There was some Ministerial sympathy for the waiving of loans and interest — about £5.55m — owed to the Industry Department because the Government would gain nothing by forcing the co-op into liquidation.

But Mr. Hooper then made it clear in a letter to Sir Keith Joseph, Industry Secretary, that he also wanted ECGD debts of £5.34m cancelled.

This raised legal as well as political issues. Ministers from the Departments of Trade and Industry have decided that Mr. Hooper's price is too high, especially since some of the ECGD cash is recoverable.

It remains to be seen whether Mr. Hooper is prepared to continue negotiations with the Government. Last night he would make no comment.

The possibility of an Armstrong takeover was announced shortly after attempts to arrange a rescue by Japanese interests failed.

Tractor maker will shed 740 workers

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

INTERNATIONAL Harvester is reducing its workforce in the UK by about 12 per cent because of the slump in demand for agricultural and construction equipment. A total of 740 of the company's 6,103 employees will lose their jobs, mostly in its Doncaster factory.

Employees have been told International Harvester has recorded a "major loss" in this country so far this year, and "has no realistic hope of a return to profitability over the rest of the year." Last year International Harvester of Great Britain made a profit of £3.4m before tax.

The company says the con-

tinuing recession has forced a drastic reduction in its manufacturing programme for 1981. High interest rates and the strong pound have contributed to its action. It exports 70 per cent of the output of its Doncaster and Bradford factories.

The situation has been made worse by the fact that International Harvester in the U.S. has lost £200m in the first six months of the year, and has decided to withdraw from the market one of its new construction machines made at Doncaster. The U.S. tractor market has slumped this year, again affecting Doncaster, where the

smaller International Harvester tractor sold in the U.S. is made.

International Harvester, with Massey Ferguson, David Brown and Ford, is one of four American-owned multinationals making tractors in the UK for sale locally and internationally.

All have been hit by the falling demand for tractors, both in the UK, where tractor sales have fallen about 25 per cent this year, and abroad.

International Harvester has already reduced its workforce from 6,615 to 6,103 in the past year, and most of the Doncaster workforce is on a three or four day week. The smaller Bradford factory is working 4½ days a week.

Panther car company to close

BY JOHN GRIFFITHS

RECEIVERS at Panther Westwinds, the Surrey-based specialist car maker, will close the company in October unless a buyer is found.

Panther has maintained production of its full range of cars since last December, when Midland Bank first called in Deloitte receivers Mr. Ian Bond and Mr. Alan Barrett.

Since then they have negotiated with a number of potential buyers without success. However, Mr. Richard Govett, of the Panther staff, says yesterday talks were still going on with interested parties.

Closure of Panther would mean the loss of 50 jobs. Before the receivership the company employed 200 workers.

Panther's principal products are the Lima sports car, based on Vauxhall components, its large J72 "replica" saloons,

and the Panther six-wheeler. It has also been painting and finishing sports cars for the AC Cars company.

Panther's problems are attributed to an over-rapid expansion of the business during the early 1970s by Mr. Robert Jankel.

Instead of concentrating on a small model range and producing at a level below existing demand—a path followed successfully by Morgan—Panther expanded its premises and diversified into a number of other projects, not least the Panther, a six-wheeler which was costly to develop. A buyer is being sought for the second of only two cars to be built at an asking price of over £60,000.

When Midland called in the receivers, Panther's debts were believed to be over £500,000.

Mr. Govett said yesterday he

remained optimistic that a buyer for the company would be found in time. "The company is operating viably. The closure decision is based on the fact that Midland and the receivers are simply not prepared to continue in the car manufacturing business."

Meanwhile, BL is calling for 400 voluntary redundancies at its Swindon Pressed Steel Fishery body plant. There were three reasons for this move:

• The ending in two months' time of MG sports car production. Before demand for the cars slumped, PSF was providing 600 bodies a week.

• Cuts in production of the Solihull-produced Rover saloon and Triumph TR-7 sports car.

• The 6,000 workers making the Rover and TR models have been placed on short-time, possibly until Christmas.

Six-year low in building inquiries

THE LEVEL of new inquiries for building work is falling faster than at any stage since early 1974, says the state of trade inquiry by the National Federation of Building Trades Employers.

In the survey of 600 NFBE member-firms last month nearly 60 per cent of respondents reported a fall in new inquiries during the first quarter of this year.

Ever the previously buoyant repair, maintenance and improvement field shows signs of wear and tear, with only 14 per cent of replies reporting an increase in such inquiries, and 42 a decline.

Loch Lomond hotel plan

EUROPEAN FERRIES wants to build a 200-room hotel, with conference facilities, a marina and 100 holiday lodges, at a cost of £5m on the shores of Loch Lomond. It seeks planning permission in partnership with Luss Estates, owners of a 200-acre site. The area is described as "unsightly" because of gravel workings.

Work on the project would be likely to start next year, and the scheme to open in 1983.

Car premium boost

ROYAL INSURANCE announced a substantial increase in motor premiums. About 500,000 insured with it will pay on average 16 per cent more from October 1.

Nation Life suit

NATION LIFE Insurance Company, which went into liquidation six years ago, seeks damages from Mr. William Stern, its former chief executive, and from its advisers, over purchase of the Burnmouth property complex stated to have brought about the collapse of the company.

Humber tolls set

MR. NORMAN FOWLER, Minister of Transport, has approved a maximum tolls structure for the Humber Bridge when it opens early next year which will apply until 1984. Maximum tolls are: Motorcycles 70p; cars and light vans £1.50; light commercial vehicles, minibuses, cars and light vans with trailers £2.50; heavy commercial vehicles £3.20 (two axles); £6.60 (three axles); £8 (four or more axles); buses and coaches £5.20.

Seacats for Navy

THE ROYAL NAVY has placed a contract with Short Brothers, the Government-owned Belfast company, for Seacat close-range anti-aircraft missiles. The company said this would confirm the missile's service life on RN ships well into the 1990s. It did not disclose the value of the contract but said it was "multi-million."

£7m drink probe

THE GOVERNMENT is to set up a £7m trust fund for education and research into problems of alcoholism. Mr. William Whitelaw, the Home Secretary, said yesterday.

More violence

CRIMES OF VIOLENCE in England and Wales rose by 8 per cent last year, though the overall number of serious crimes fell slightly, Sir James Crane, Chief Inspector of Constabulary, said.

Secretarial slump

DEMAND FOR secretaries fell by 26 per cent in the three months to May, against the same months last year, said a survey by Alfred Marks Bureau.

Moc des plant

ICI ORGANICS division has bought on stream a £5.5m plant at Huddersfield to produce procel biocides used in control of micro-organisms in many water-based industrial products.

£650 for Victorian bicycle

By Antony Thorncroft

BONHAMS yesterday a volume of 50 hand-coloured illustrations of views on the Rhine by Laurens J. J. de Jongh compiled by Johan Ziegler and published in 1798, sold for £32,000 to an English dealer. In June Phillips sold a similar volume, with five fewer plates, for £19,500.

Christie's jewels sale totalled £56,739 with a highest price of £12,500 for a pear-shaped diamond two-stone ring while art reference books brought in £26,051 with a top price of £1,200 for the Mailstock edition of Thomas Hardy's works.

At Phillips 19th century penny-farthing bicycle sold for £850 and in a ceramics sale two Meissen figures of a shoemaker and his companion realised £2,400. A single plate decorated with the arms of the Prince of Wales, made for him in 1815 by the Worcester factory of Flight Barr and Barr, went for £1,000.

Rover Triumph head resigns after reshuffle

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR. JEFF HERBERT, managing director of Rover Triumph, has resigned after other boardroom changes in the BL Cars division.

Mr. Harold Musgrove, chairman of the Austin Morris volume cars division, has also been appointed chairman of Rover Triumph.

BL said last night that Mr. Herbert's resignation had been accepted with regret, and that he wanted to "widen his considerable experience by pursuing a career in the engineering industry."

Mr. Herbert's departure is not thought to be connected with the management changes. Still only 35, he was one of the senior appointments made by Sir Michael Edwards, the BL chairman. He was recruited from Perkins Engines in 1977, as director of production and plant engineering for BL cars.

However, since he took over the job in March 1978, the company has been subjected to many cuts.

By this autumn, the workforce of 14,000 will have been run down to 5,000. Nearly 8,000 jobs will have gone at Triumph, Canley, Coventry. The Dolomite and Spitfire models are being phased out and production of the TR7 has been transferred to Rover, at Solihull.

Because of the depressed demand for cars, the 3,000 employed on assembling TR7s and Rover saloons at Solihull are expected to work a four-day week, probably until the end of the year.

The increased responsibility for Mr. Musgrove underlines the way responsibility for the operation of the cars division is being centralised. Mr. Ray Horrocks, originally recruited as managing director of Austin Morris, is already head of BL Cars.

One of the first actions by Sir Michael was to divide the previous Leyland Cars into three roughly equal companies, each with 40,000 workers—Austin Morris, BL Components and Jaguar Rover Triumph.

Those companies have subsequently been further divided under the overall control of a strengthened BL Cars board.

British Rail freezes recruitment cash

BY LYNTON MCLAIN

BRITISH RAIL has frozen indefinitely its allotment to recruit staff, although it has 11,000 vacancies. At the same time, it is seeking to cut costs by £60m by the end of 1983.

BR said it had not imposed a ban on recruitment but had to freeze the staff budget because of its "perilous cash position."

A record £24m was lost by BR in the first half of this year, almost twice as much as the loss for the first half of 1979, the first loss of three years.

Train crews costs last year absorbed more than £225m. The wage bill has already risen 20 per cent because of

this year's pay agreement with unions.

BR is still trying to secure part of the productivity element which was agreed within the pay settlement with unions.

These productivity elements and the scrapping of old equipment are designed to save £60m in the next two years, in addition to an immediate £15m reduction in costs.

Up to 60 old locomotives will be taken out of service because of reduced demand for BR freight services. Freight wagons are being scrapped or stored to cut maintenance costs.

British Gas chairman hits back at Government

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP ATTACK on Government handling of the Monopolies and Mergers Commission report on gas supplies, which strongly criticised British Gas, was made yesterday by Sir Denis Rooke, British Gas chairman.

Sir Denis criticised statements by the Department of Trade and Mrs. Sally Oppenheim, Consumer Affairs Minister, for not drawing attention to good points made about

British Gas by the commission. The Department of Trade said last night that its Press statement pointed merely to the main conclusions of the commission's report.

It found that British Gas's monopoly in appliance retailing was against the public interest. In the Government statement the second paragraph drew attention to the commission's favourable comments, the department said.

Leonard van Geest dies

MR. LEONARD VAN GEEST, chairman of Geest Holdings, one of Britain's biggest private companies, has died after a short illness. He was 65.

Mr. van Geest came to England from Holland in the mid '30s to join his elder brother John in establishing a company to produce and market horticultural products. It soon expanded into shipping, and Fyffes' dominant position in the UK banana trade.

Under the leadership of the two brothers the company created an efficient marketing system for the banana crop of the Windward Islands. In the last few years the group, with its headquarters at Spalding, Lincoln, has diversified into new areas, including computers, manual handling equipment and trailers.

Mr. van Geest leaves a wife and three children. His son Leonard is managing director of Geest Foods. No new chairman of Geest Holdings has yet been appointed.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI E.N.I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due September 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on September 1, 1980, at the principal amount thereof \$1,223,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers

Ending in the Following Two Digits:

13 22 25 26 33 38 42 52 54 58 60 67 68 81 83 87 88 94

Also Debentures of \$1,000 Each of Prefix "M"

Bearing the Following Serial Numbers:

2830 2730 5430 6130 7230 7930 9230 13130 14430 15630

3330 5330 5730 6630 7330 8930 10230 12530 14930 15930

On September 1, 1980, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto, at the principal office of Banca Nazionale del Lavoro in Rome or at any of the following offices: in London, Brussels, Paris or Frankfurt or the main office of the Company of New York in Amsterdam or the main office of Kredietbank S.A. Luxembourg or the main office of the Company of New York in London. Coupons due September 1, 1980, should be detached and collected in the usual manner. From and after September 1, 1980, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

NOTICE DEBENTURES OF U.S. \$1,000 EACH

2133 2613 2686 2713 2796 4013 4096 4213 4246 4316 4346 13846 13986 13996 14296 14346

Republic National Bank of New York

A subsidiary of REPUBLIC NEW YORK CORPORATION

Consolidated Statement of Condition

June 30, 1980

ASSETS

Cash and demand accounts	\$ 187,803,657
Interest bearing deposits with banks	1,725,944,117
Precious metals	145,297,054
Investment securities	550,666,326
Federal funds sold and securities purchased under agreements to resell	42,400,000
Loans, net of unearned income	2,442,214,072
Allowance for possible loan losses	(44,528,389)
Loans (net)	2,397,685,683
Customers' liability under acceptances	266,685,779
Bank premises and equipment	41,396,691
Accrued interest receivable	129,715,843
Other assets	205,292,760
	\$5,692,627,910

LIABILITIES AND STOCKHOLDER'S EQUITY

Deposits	\$4,190,031,824
Short term borrowings	438,596,507
Acceptances outstanding	272,079,204
Accrued interest payable	182,764,351
Due to factored clients	194,558,669
Other liabilities	113,784,450

STOCKHOLDER'S EQUITY

Common stock	100,000,000
Surplus	100,000,000
Undivided profits	120,812,905
Total stockholder's equity	320,812,905
	\$5,692,627,910

Letters of credit outstanding \$ 262,132,625

At June 30, 1980, the portion of investments in precious metals and the precious metal content of silver coins not hedged by forward sales was \$11.6 million.

REPUBLIC NEW YORK CORPORATION SUMMARY OF RESULTS

	Six Months Ended June 30	Three Months Ended June 30
	1980	1979
Income before securities gains (losses)	\$39,736,779	\$14,575,644
Net income	31,729,946	13,853,237
Earnings per common share (after dividends on preferred stock)		
Income before securities gains (losses)	\$11.45	\$3.82
Net income	9.01	3.57
Dividends declared	1.26	1.00
Pro forma earnings per common share to reflect 3 for 1 stock split announced July 8, 1980 (After dividends on preferred stock)		
Income before securities gains (losses)	\$3.82	\$1.27
Net income	3.00	1.19

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Fuel costs blamed for BA's low profit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' pre-tax profit of £20m for the 1979-80 financial year (£20m in 1978-79) would have been substantially higher if the airline had been able to raise fares more quickly to compensate for rising fuel bills.

Mr. Ross Stainton, chairman of BA, said in London yesterday the airline "could take some satisfaction" in the profit at a time of recession, "when British companies are daily reporting gloomy results, and the world's airlines are reporting poorer profits and even losses."

The profit after tax and dividend payments was £4m, compared with £62m in the previous financial year (1978-79).

Turnover from all activities was £220m to £192m. Passengers carried on scheduled services rose 10 per cent.

The main contributory factors in this year's much lower profit were the current recession (which affected traffic in some markets), coupled with inflation—particularly the soaring cost of fuel. The strength of the pound against the dollar had also made an impact.

Last year the airline's fuel bill rose 72 per cent, from £240m to £413m. It accounted for a quarter of the airline's costs. This year it will account for 30 per cent of costs. "By the end of the year we expect it to exceed overall staff costs as the major item of expenditure," said Mr. Stainton.

The airline suffered because of delays in being able to compensate for rising fuel costs through fares increases, he

said. These have to be approved by the Civil Aviation Authority in the UK and other governments overseas.

Last year the airline suffered a "revenue gap" of £80m between fuel price rises and subsequent compensatory fares increases. If the government bodies involved had acted more swiftly in approving fares increases, this revenue gap would have been reduced and the airline's profits would have been substantially better.

Mr. Stainton was critical of other increases in charges imposed by various bodies, especially those covering airports, navigation facilities, communications and air traffic control. All these "surge ever upwards," and this was especially true in Britain.

In the last 24 hours, we have learned of a massive jump in the Civil Aviation Authority's charges. These include a 100 per cent increase in the cost of route licences, which alone will add £350,000 to our bill this year."

Mr. Stainton offered no prospect of any improvement in business conditions for the airline in the current financial year. "The present financial year has not got away to a very happy start, and we see no prospect of an early improvement to the difficult trading conditions."

The airline has already announced plans to deal with this, by cutting spending, selling off some of its older and less efficient aircraft, and trimming

staff numbers by about 3,000 in the current year.

But the re-equipment programme remained intact. The airline had been able, despite its lower profit, to finance from its own resources about £125m of the year's capital programme (mainly for new aircraft) of £295m.

"Our course is clear. While we continue our relentless drive to increase our efficiency and lower our costs, we shall also fight hard to retain our share of every worthwhile market in which we now trade."

This was why the airline had this week announced lower fares at the cheaper end of the market on the North Atlantic air route.

At the same time, the airline would continue with its longer-term plans for cheaper fares in Western Europe, including spreading to other routes the new Club Class experiment on the London-Paris route.

"It is a product that is related more precisely to the changing market, which provides attractive fares levels in all significant sectors of the market, and yet which offers the airline the economies that derive from a simplified product and from flexibility of approach to the differing markets of Europe."

No hope of coffee price cut despite market fall

By John Edwards, Commodities Editor

COFFEE PRICES in the shops are unlikely to be cut for the time being at least, despite the fall in raw coffee values this week to the lowest levels for four years on the London futures market. Coffee companies pointed out that they had not raised retail prices when the London market rose to a peak of £1,800 a tonne in May on fears of frost damage to the crop in Brazil, which accounted for roughly a third of the world's supply.

The recent collapse in the market to below £1,200 has reduced the average price so far this year to around £1,500. But manufacturers say market conditions are highly volatile and no decision about retail prices can be taken until after the Brazil frost danger period ends in early September.

Even without a frost it is thought market values might well pick up since roasters will have to start buying to replenish their stocks.

The last rise in UK retail coffee prices was in the second half of 1979 following the introduction of new metric packs of 100 grammes instead of 4 oz jars. This amounted to about a 12 per cent increase. Since then there have been considerable increases in all production costs.

How Derby gives the disabled a chance

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

IT IS surprising what a couple of days' sunshine will do for the countryside. Cromer may have been battered by the rain, but the sun has quickly polished the wheat to a golden colour.

There is plenty of opportunity to admire this sudden transformation on the journey from Cromer to Derby. The roads across the top of Norfolk and the bottom of Lincolnshire pass through land which made British farming among the best in the world.

Derby is a different cup of tea altogether. It is a home of high-precision engineering, personified by Rolls-Royce and British Rail's workshops where work is in progress on high-speed trains.

Unemployment is low and wages are good in Derby. But there are always those less well off, not only materially but also physically.

On the Ascot Drive estate Rempoy is doing something to rehabilitate a small group of these men and women.

Rempoy was the brainchild of Ernest Bevin when he was Minister of Labour at the end of the last war. The intention was to provide jobs for those disabled in the fighting—jobs they could hold on merit and whose products would be sold on the open market.

The first Rempoy factory was opened at Bridgend in 1947, and now there are 88 of them employing more than 8,000 severely disabled people in the manufacture of leather and textile goods and furniture or in assembling and packaging.

The Derby factory is the most modern. It began operations 15 months ago but was officially opened only a fortnight ago. Its manager, Ken Harrison, has been with Rempoy for 11 years. He was transferred from the Stoke plant to run Derby.

"Derby was a bit of a blackspot four years ago," he explains. "and so we decided to open a workshop here. But, frankly, I've been a bit disappointed at the response."

A number of the disabled seem to have disappeared. We thought there were about 400 in the town but it seems that only half that number are here now. Some, of course, are probably still here but have gone off the register of disabled kept by the Manpower Services Commission."

Mr. Harrison has 60 severely disabled working for him and expects to reach his maximum of 80 before long. The response from those employed has been good. Labour turnover is low, shopfloor friction

non-existent and time-keeping good.

If this is the sort of response you might imagine from someone glad to have a job of any sort, it has to be remembered that Rempoy factories work to exactly the same norms as any other workplace. There is a 39-hour week, union representation and the men and women are paid the usual rate for the job.

Mr. Harrison's plant produces protective clothing for orders won in open competition. The average wage is £55 a week, topped up by a job evaluation scheme and bonuses. The good worker could take home nearly £80 a week, though the average for a trained person is about £60, not too different from the average in the textile trade.

In the past decade there has been one very big change in the needs that Rempoy has to meet. Today, six workers out of every 10 in its plant are suffering from some sort of nervous or mental disorder, rather than a physical one.

According to Alan Harris, Rempoy's East Midlands area manager: "The severe disabilities which people have now are more likely to be epilepsy, psychiatric and nervous disorders."

"The reason is simple. Every-

one in industry is far more conscious now of safety at work and there are not the number of bad accidents that once happened. Look how everybody on industrial sites wears a hard hat."

The other big change that has taken place is that managers have more autonomy than they once had. "We are given targets and budgets," Ken Harrison says, "and we have to meet them."

"We have to meet those within the constraints of having a workforce largely composed of the severely disabled."

Right now we are making donkey jackets, overalls and other protective coats for the Post Office, British Rail and the Army. Those have to be as good as any other these people can buy, and they are. Quality control is very important here."

It is not generally known that, by law, 3 per cent of the staff of every company employing more than 20 people have to be severely disabled. As I headed north I wondered just how many firms were breaking this particular law.

Next week
Fishing in deep waters in Scarborough.

Protest at increase in aviation charges

UK airlines and other air transport users are to protest to the Government about increased charges proposed by the Civil Aviation Authority, writes Michael Donne.

Mr. Rex Smith, chairman of the British Civil Aviation Standing Conference, which represents 90 per cent of UK aircraft operators, said yesterday they were "deeply concerned" at the proposed rises, "particularly as they come just six months after the last round of extra charges."

"We intend to make strong representations to the Government, and have arranged to

meet Mr. Norman Tebbit, Parliamentary Under Secretary of State for Trade, in Whitehall next Monday."

Mr. Smith warned that consumers could face higher fares and cargo rates if the proposed increases in the CAA's charges went through.

Sir Nigel Foulkes, chairman of the Civil Aviation Authority, said earlier this week the authority's various charges for such things as en route navigation, air traffic control, safety and other facilities would have to rise by up to 30 per cent to meet the Authority's rising costs.

Ask the question.

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- 3 Can we pay you back over as long as 20 years?
- 4 How do I get a contact in Singapore?
- 5 What's the best way to borrow some money?
- 6 Can you help me install a new payroll system?
- 7 How can I get larger premises?
- 8 What help can you give me with my Capital Transfer Tax planning?
- 9 Should I buy my equipment or lease it?
- 10 How does your venture loan scheme apply to me?



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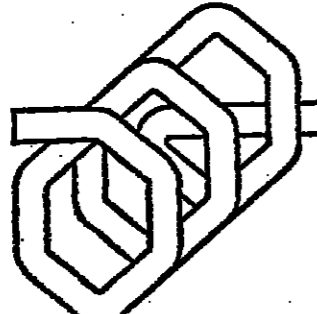
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PULLMAN INCORPORATED

	1980	2nd Quarter	Half-year
Revenue	U.S.\$	758,224,000	1,529,994,000
Net Income (Loss)	U.S.\$	(3,839,000)	11,918,000

Net income for the six months ended June 30, 1980 is U.S.\$1.07 per share (vs. U.S.\$1.22 per share for same period of 1979). This decrease in net income resulted from the recording of an additional loss provision of U.S.\$11,000,000 after taxes, for certain foreign and domestic projects of the PULLMAN SWINDELL Engineering & Construction Division, the continued adverse impact of the recession on PULLMAN businesses, and the reversal of certain tax credits which were recognised in the first quarter.

During the second quarter, PULLMAN received new orders with a total value of U.S.\$363,000,000 resulting in a total backlog of U.S.\$2.7 billion.

While the booking of new orders is currently low, the level of new enquiries and contract proposals has increased significantly and management believes there will be a significant demand for Engineering & Construction services, spurred by the recent positive energy policy changes of the U.S. Government.

On July 16, PULLMAN Directors declared a dividend of U.S.\$0.25 per share, payable on September 12, 1980, continuing the Corporation record of 452 consecutive quarterly cash dividends, the longest of any industrial corporation.

S. Wales coal loss up fivefold to £47m

By Robin Reeves, Welsh Correspondent

A \$47m LOSS, five times last year's, was recorded by the South Wales Coalfield in the last financial year, the NCB reported yesterday.

The deterioration was caused by the sharp fall in output of coking coal by the steel industry, and lower output and productivity stemming from a bad year of geological difficulties in Welsh deep mining. Deep mine losses rose £41m to £60m, and open-cast profits rose only £10m to £13.

Though this year's first-quarter results are the best for eight years, with productivity and output up 4 per cent on a previously good year, Mr. Philip Weekes, NCB South Wales director said the coalfield's losses could no longer be ignored. They risked damaging the rest of the industry.

This remark was aimed particularly at the South Wales miners' leadership, which is boycotting the NCB joint pit review machinery because of threatened mine closures.

BSC's offtake of Welsh coking coal has been more than halved as a result of the cut in South Wales steel production.

Stonefield Vehicles to go into receivership

By John Griffiths

STONEFIELD VEHICLES, the Ayshire cross-country vehicle maker in which the Scottish Development Agency has invested £4m, is to go into receivership.

Tenor Kemsley Millbourn, the motor distribution and trading group, decided yesterday not to exercise the option to buy Stonefield which it signed in mid-June.

The option provided for

TKM to buy the development agency's 75 per cent stake in Stonefield and to be given the right to acquire the remaining 25 per cent by 1985.

The asking price was not disclosed, but the agency said yesterday that while TKM had been satisfied with the vehicle's design, it did not expect enough sales to justify the investment needed to continue

production and build up a service network.

The Stonefield is a £12,000 multipurpose vehicle which it was hoped would attract 2,000 military and other orders a year. Some overseas orders were won, but the Ministry of Defence — potentially the biggest customer — took far longer than expected to approve the vehicle.

Brokers 'misappropriated funds'

By Raymond Hughes, Law Courts Correspondent

THERE WERE indications that Lloyd's underwriting and broker Mr. Christopher Moran had been guilty of the gravest misconduct, involving the misappropriation by his broking company of funds belonging to the members of Syndicate 566, the Court of Appeal was told yesterday.

In evidence read to the court, Mr. Charles Gibb, a deputy chairman of Lloyd's, said he and two other senior officers of Lloyd's had reached that view after complaints against Mr. Moran had been investigated by a Rota Committee.

They had concluded that there was prima facie evidence of grave breaches by the broking company, Christopher Moran

and Co. and the underwriting agent Harman Hedley Agencies, an associated company of the Moran group, of their duties to others in the Lloyd's community.

Lloyd's is opposing an appeal by Mr. Moran against a High Court judge's refusal to grant a temporary order stopping Lloyd's going ahead with disciplinary proceedings against him. The judge said there was a "triable issue" on Mr. Moran's allegation that a member of the Rota Committee, Mr. Paul Dixey, former Lloyd's chairman, was biased against him, but that, on the balance of convenience, it was not a case where an injunction should be granted.

Lloyd's is cross-appealing on

the finding on bias. Mr. Peter Scott, QC, for Lloyd's, said it was inevitable that disciplinary proceedings would be taken against Mr. Moran, whatever the outcome of his court action.

If Lloyd's lost, it could frame charges without using the report of the Rota Committee. Mr. Scott read an affidavit in which Mr. Gibb said information given to him by the joint auditors of Syndicate 566 had indicated that further investigation was required as there appeared to be something very wrong with the operation of the binding authority by the broking company.

The hearing continues today.

Bank of England profits decline

By David Marsh

THE Bank of England suffered a drop in profits last year, mainly as a result of severance payments to staff who became surplus to requirements after last autumn's abolition of exchange controls.

The bank reduced the number of employees on its payroll by about 1,000, or 22 per cent, in the year to March. This largely reflected the voluntary severance scheme Compensation payable under the scheme, together with additional provisions for retirement benefits, cost the bank £14.1m in the year ended last February, according to the bank's accounts published yesterday.

The banking department's operating profit fell to £25.6m from £28.1m in 1979, after payments to the Treasury, the pre-tax profit fell to £19.1m from £20.6m.

On a current cost accounting basis, the fall was even more marked, with the operating profit dropping to £12.8m from £22.8m and pre-tax profit declining to £6.3m from £15.3m.

Civil service unions fear restrictions in pay negotiations

By Philip Bassett, Labour Staff

THE GOVERNMENT is considering further changes in the 25-year-old pay research system for the Civil Service, which could reduce the freedom of civil service unions to negotiate over fringe benefits and other points in annual pay talks.

The proposed alterations to Civil Service pay negotiating methods follow already-disclosed changes in pay determination for the service which include regional pay negotiations, merit payments for increased efficiency and productivity, "range" pay for senior civil servants to give greater flexibility, and the abolition of automatic annual increments for Civil Service staff.

The changes are already well advanced, and the first formal details of these and the further changes are expected to be given to the civil service unions tomorrow at a meeting with Lord Soames, the Lord President of the Council, and Mr. Paul Channon, Civil Service Minister.

The two Ministers are expected to suggest talks between CSD officials and the unions on details of the changes and how they can be effected.

The Prime Minister is believed to support the proposed changes, though the Labour Party has promised to oppose them. Ministers' concern about the system, because of the sophistication of its operation in contrast to that of the Clegg Commission on pay comparability.

The further changes concern the operation of the Pay

Research Unit, which compares civil service pay with that of comparable outside jobs, although at present it merely presents its findings rather than recommending any increases.

The Unit would be strengthened by the appointment of an outside director, and its terms of reference altered to allow it to take into account more directly the levels of previous civil service settlements when drawing up its reports.

The other main change would be to remove from the CSD the responsibility for negotiating on some non-pay elements of the PRU reports. These include fringe benefits like subsidised meals and company cars, and elements seen traditionally as unquantifiable, such as job security and mobility.

Some union officials are concerned that such changes might seriously reduce the role of unions in pay negotiations for the service. Even if the Government were to guarantee the service's pay agreement on the basis of the acceptance of all the changes, the unions would not readily agree to them.

Senior civil servants — including Sir Ian Bancroft, Head of the Home Civil Service — and departmental permanent secretaries promise to support the changes. Ministers' concern about the system, because of the sophistication of its operation in contrast to that of the Clegg Commission on pay comparability.

The further changes concern the operation of the Pay

Inspections prompted arrears payments

By Nick Garnett, Labour Staff

ALMOST A third of the establishments inspected last year by the wages inspectorate subsequently paid wage and holiday pay arrears, according to figures in the Department of Employment's Gazette.

These establishments were among the 390,000 whose wages rates are fixed by wages councils: 34,800 establishments were inspected last year, involving 190,000 workers.

As a result of the inspections, 11,000 establishments made payments of wage and holiday pay arrears, and slightly more than £1.5m in back pay was handed over to more than 22,000 workers who were being paid less than the statutory minimum. There were 6,970 complaints to the inspectorate about wages and conditions allegedly below the minimum.

Homeowners were one of the main areas covered by the wages inspectorate. Just over 3,500 homeowners had their pay investigated, and 99 were found to receive pay below the statutory minimum.

A special investigation of 466 homeowners in three London boroughs and in Walsall showed that none were being underpaid.

Last year, six employers had civil proceedings taken against them for making payments below the statutory minimum, and judgments were given against them in all cases. Twelve employers were prosecuted under the Wages Council Acts, and all were found guilty.

According to provisional figures, there were 334,000 working days lost as a result of stoppages during July. This is the lowest figure since the last December — since the middle of 1977. About 74,000 workers were involved in the stoppages.

Prominent stoppages listed by the Employment Gazette included a 15-week strike at a Huddersfield engineering company, the BBC musicians' dispute, a dispute over working practices at a BL plant in Birmingham, and a construction site dispute in Pembroke, Wales. Household spending averaged £24.17 a week last year, more than 17 per cent higher than 1978's figure, according to the family expenditure survey reported in the Employment Gazette. The survey is based on 6,777 households.

Expenditure per person was about £88 a week in 1979, in terms — allowing for the 13.4 per cent increase in retail prices — expenditure per person last year was 4.2 per cent above that in 1978.

Durable household goods, transport and services all accounted for increases in spending of more than 20 per cent. Rises in spending on housing, fuel and food were below the average. The share of food in the household budget was 23 per cent.

Catering staff 'worst treated'

By Our Labour Staff

THE catering industry treats its workers worse than any other industry, according to a report funded by the Equal Opportunities Commission and the Commission for Racial Equality.

The report, written by members of the North Kensington Law Centre and published by Counter Information Services, says appalling working conditions are widespread with large numbers of workers surviving on perks and informal payments.

Since then, the Observer's machine-managers chapel has increased to 35 but their work is still on a "regular casual basis." This means that the branch remains dominated by the same printers who were involved in the previous dispute.

The rebelliousness of machine-managers is the product of their unusual pattern of work. Most Observer machine-managers have "regular casual" jobs with Fleet Street's daily newspapers and the pay is high. One estimate puts their average weekly earnings at £560 although machine-managers deny the figure. At all events they do not depend for their living on the Observer alone.

Mr. Jeffrey "Donaghy" machine-managers' chapel father (chairman) at the Observer, claims that disciplinary action by the NGA is unlikely for different reasons.

He points to statements made by the union leadership since the weekend which confirmed continuing national support for the chapel.

The machine-managers, meanwhile, insist they are open to a solution. Mr. Donaghy said yesterday that in spite of the machine-managers' most chapel members' strong loyalties to the chapel.

As important, however, are the lessons learned from the last dispute. The NGA instructions for a return to work were openly defied and even those who continued to work were eventually brought into line by the chapel.

Machine-managers' chapel leaders throughout Fleet Street jointly warned the 11 out of 25 earliest roots in the provincial.

Cash crisis sinking British Shipbuilders

By William Hall, Shipping Correspondent

WHEN THE Government came to power last year it agreed to support British Shipbuilders for two years while the industry shed its surplus labour and pruned its capacity by about a third.

The restructuring is nearly complete. The unions accepted a moderate wage award this year and the industry has won enough orders to keep most of its main yards busy until well into 1981.

But for British Shipbuilders the honeymoon period with the Government has finished a year early. The corporation has warned it is going to run out of money well before the end of the year, and for its part, the Government is seriously considering denationalising the three warship yards — the only profitable part of the industry.

The cash crisis and uncertainty about the future could not have come at a worse time for British Shipbuilders and Mr. Robert Atkinson, its new chairman.

As its 1979-80 annual report shows, the last 12 months have been far from easy. British Shipbuilders' trading loss more than doubled to £109.9m, and after adding on the £42.6m restructuring costs, the overall loss for the year comes to £152.5m, compared with £60.2m the previous year.

In common with all European shipbuilders the state-owned company has had to accept that the Japanese have taken most of the increase in world shipbuilding orders.

Japanese yards had undertaken to reduce their annual capacity from 8.1m compensated gross registered tonnes (c.grt) in 1976 to 2.7m last year.

But the Japanese produced 4.9m c.grt in 1979, against Britain's 0.45 c.grt. The recent

surge in orders in the first quarter of 1980 — Japan won 60 per cent versus the EEC's 8 per cent — suggests Japanese output will maintain its recent high levels.

On top of the problems caused by the surplus world shipbuilding capacity, which is being exacerbated by the Japanese, British shipbuilders have faced special problems. The strength of sterling relative to the yen means UK shipbuilding prices have remained virtually unchanged since 1974 despite the high rate of UK inflation.

British Shipbuilders has also suffered because it has not been accorded the same preferential treatment which most European industries enjoy.

When it framed its restructuring plans, British Shipbuilders built in certain levels of promised public sector orders. But in the last year almost half the promised naval work failed to materialise and the majority of public sector orders did not appear. This left British Shipbuilders employing men for whom there was no work.

The company feels it is a victim of the level of ordering by domestic shipowners. Mr. Atkinson said yesterday that if every UK shipowner ordered in UK yards, the industry would be 2.6 times bigger than it is today and the endless decline of shipbuilding communities in Scotland, the North-East and Merseyside could be reversed overnight.

At the moment only half UK shipowners' requirements are met by UK shipyards. This low proportion is in marked contrast to most other countries where the yards rely on their owners to provide the base load.

Most foreign countries now

offer better domestic credit terms than Britain in their efforts to get domestic owners to order locally.

It is against this background

£120m by some £60m. Mr. Atkinson intends to submit a report by the end of August on the level of support necessary to keep the industry going.

BRITISH SHIPBUILDERS 1979/80

	Workforce	Turnover £m	Pre-tax profit/ (Loss) £m	Increase on 1978/79 (Decrease) %
NAVAL YARDS				
Vosper Thornycroft	5,210	100.9	22.0	110
Vickers	8,536	198.1	14.5	61
Yarrow	5,359	59.8	6.8	118
Brooke Marine	785	10.4	1.3	(26)
MERCHANT/NAVAL				
Swan Hunter	9,768	90.7	(19.3)	23
Scott Lithgow	4,573	68.9	(42.3)	239
Cammell Laird	3,617	36.7	(9.8)	320
SPECIALIST MERCHANT				
Sunderland	3,654	47.6	(19.0)	n.a.
Govan	3,779	25.7	(17.4)	29
Smith's Dock	2,405	24.7	(11.8)	95
Austin and Pickersgill	2,989	45.8	(8.0)	705
SMALL YARDS				
Hill Russell	832	8.7	0.2	78
Goole	831	11.3	0.2	n.a.
Robb Caledon	1,529	15.7	(4.6)	(61)
Appledore	871	17.2	(2.5)	705
Ailsa	411	5.4	(7.4)	41
ENGINE BUILDING				
Clark Hawthorne	1,698	15.3	(7.2)	219
John Kincaid	1,285	9.6	(2.1)	n.a.
SHIP REPAIR				
ENGINEERING	7,500	84.9	(3.6)*	n.a.
OTHERS	800	30.5	(12.6)*	218

* Trading loss.

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profits, substantially last year. But Vosper Thornycroft on the Solent was the star performer, registering more than doubled profits.

The submarine programme, associated with Trident, will mean a huge increase in work for Vickers but it has repercussions for the other naval shipbuilders which could lead to less orders for conventional warships.

● Mixed yards: The three yards producing naval and merchant ships, Swan Hunter, Scott Lithgow and Cammell Laird, have been especially hard hit by the decisions on public sector ordering. Scott Lithgow, which had special problems, lost £42.3m last year.

New management has been introduced and losses will be curbed substantially in the current year.

● Merchant shipbuilding: All of the specialised major merchant shipbuilders recorded increased losses last year. The labour force on merchant shipbuilding has been cut from 28,000 to 18-19,000 over the last year.

● Ship repair: Losses were cut from £16.2m to £10.1m last year and British Shipbuilders is forecasting the yards, the largest in Europe, will break even in the current year.

Ship repairing on the Thames was closed down and the overall numbers employed cut by a third to 4,600 over the past year.

● Engine building: Losses jumped from £2.1m to £11.1m last year but these have been contained following a major rationalisation which centres future engine production on John G. Kincaid on Clydeside and Clark Hawthorne on Tyne-side.

Reduced stock levels hit Scottish economy

THE DRIFT of the Scottish economy towards recession will continue into 1982, according to the Fraser of Allander Institute's quarterly economic commentary, published yesterday.

Industrial production had fallen severely in the first half of 1980 primarily as a result of the rapid reduction of stocks held by manufacturers, and the strength of the pound had damaged export prospects, it said.

The strength of sterling threatened a wider range of industries than those suffering from structural decline, and there was therefore a need to avoid further appreciation of sterling.

A partial solution would be for the UK to join the European Monetary System, which would ensure that the pound was closely tied to the major European currencies.

But Government strategy did not offer a coherent alternative. Present policy was not radically different from that pursued by the Labour Government following the intervention of the IMF in 1976, apart from the absence of a formal incomes policy.

The Government could interfere in wage determination, through its role as the major employer in the country, but it had so far been unsuccessful in controlling the wages of its own employees.

The performance of individual sectors in British Shipbuilders varied enormously last year.

● Naval yards: All three big naval yards increased their

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More potatoes planted

POTATO PLANTINGS registered by the UK Potato Marketing Board this year totalled 173,400, nearly 2,000 tonnes more than in 1979.

Most of the rise was for early varieties which were planted on about 40,000 hectares. Main-crop varieties increased by a little less than 1,000 tonnes to 138,000 tonnes.

One ray of hope was that manufacturers presently reducing stock because of the high rate of interest would eventually have to rebuild stocks, and this should reverse the downward trend.

The commentary reports that the index of industrial production in Scotland for the fourth quarter of 1979 fell 0.4 per cent, bringing the level of real output in Scotland back to 1975 levels (excluding oil and gas exploration and extraction).

For the whole of the UK output increased 0.3 per cent over the same period, indicating once again the relative decline in Scotland's industrial performance.

Thereafter, which indicated a marginal improvement in Scotland's relative performance, had not been sustained.

This was reinforced by examination of the output figures for 1979 as a whole, which show output declined 0.7 per cent in Scotland while the UK had a net increase of 0.2 per cent.

Notices were also issued in spite of a journalists' appeal to Atlantic Richfield on Tuesday night that the paper continue to be published under the present U.S. ownership.

Management has avoided reference to any parallels which may be drawn between today's problem and the industrial relations crisis two years ago.

Nevertheless, Mr. Brian Nicholson, joint managing director, gave a stark reminder of the 1978 problem yesterday. He indicated that requests had been made to national leaders of the National Graphical Association to take disciplinary action against its members in the paper's machine-managers chapel (union branch).

Fears that the leadership of the NGA — a union with its earliest roots in the provincial

NUJ disciplinary action 'must await court ruling'

By Raymond Hughes, Law Courts Correspondent

THE National Union of Journalists must not discipline members who disobeyed a strike instruction until a court has ruled on the legality of the strike, the House of Lords held yesterday.

Five Law Lords dismissed the union's challenge to temporary Appeal Court orders that disciplinary proceedings must not go ahead against journalists from Birmingham and Coventry who worked during the seven-week strike of provincial journalists in the winter of 1978.

Lord Diplock said that serious questions of disputed fact would have to be tried at the full hearing of the case.

The main issue was whether

the strike call had affected a majority of the union's members. If it had, the union should, according to its rules, have balloted all members before calling a strike.

The union contended that a majority had not been affected, but said Lord Diplock, the evidence as to numbers was "inadequate, inconclusive and conflicting."

The balance of convenience required that the injunction against the union be continued until the full trial at which the Coventry and Birmingham journalists will argue that because there was no strike ballot the strike was unconstitutional.

Post Office computer staff press for increase

Labour bid to abolish private schooling

By Michael Dixon,
Education Correspondent

ABOLITION OF independent schools by either nationalising them or cutting off their sources of income should be a priority policy for the next Labour Government, says a report published by the Labour Party yesterday.

Although the report is described as a "discussion document" outlining "options for action," it clearly urges on the party's national executive a specific plan for driving private schooling out of the UK education system.

The main measure which the report says should be introduced by legislation "early in the lifetime of the next Labour Government" is the establishment of an agency to ensure the nationalisation of free-charging schools, either voluntarily or forcibly.

Voluntary merger with the State system would be available to schools which agreed a development plan with the relevant local education authority, and satisfied the new agency that it met five criteria.

These would be that the school was willing to be used by the community as a whole, had the facilities necessary, did not charge fees for pupils not privately, did not select pupils according to academic attainment or social or ethnic background, and was compatible with the State schools in the area.

Schools which so volunteered, and agreed to make the transition in a time acceptable to the agency, would receive an annual licence until the change was complete. Over this period, they would be allowed to continue charging fees for private pupils already enrolled.

The volunteers, of which some would become State boarding schools serving a number of local authorities, would continue to have the tax advantages of charitable status.

What happened to a private school which refused voluntary merger would depend primarily on whether the local authority wished to make use of its buildings and facilities. A local authority wishing to use a school would have to prove the need before a public inquiry ordered by the Secretary of State for Education.

If the inquiry—probably headed by a state inspector of education—supported the authority, it would be empowered to take over the school. Compensation would be payable to the owners.

Private schools which did not become merged would have their charitable status and all support from central and local government withdrawn. They would also be banned from charging fees for private pupils.

This report concludes: "The world of course finally abolish the private education sector in this country—with schools entering the state system or closing."

Minister unshaken by CBI gloom

BY IVOR OWEN

CONCERN generated by the latest CBI survey, which shows many businesses expect an even tougher struggle for survival as the recession bites still deeper, was acknowledged by Mr. David Mitchell, Under-Secretary for Industry, in the Commons last night.

But he refused to accept Opposition claims that the gloom resulting from the fact that business confidence is now lower than during the three-day week in 1974, reinforced the case for a change in the Government's economic policy.

Mr. Mitchell took heart from the fact that CBI leaders themselves, in spite of the grim indications provided by the survey, were not calling for a change of policy.

Amid derisive laughter from the Opposition benches, he stressed that the CBI had been content to express the hope that Government policy would "work soon."

Mr. Mitchell, who has special responsibilities for small businesses, added: "To that I say Amen, as do so many others."

He insisted there was a "subtle difference" between hoping the policy would work



ROSS: CBI survey "very frightening"

soon and the calls for a new approach. "This policy pursued to its end will work, and produce what we need—sound money and no inflation and lower interest rates. That combination is the basis for business growth," said Mr. Mitchell.

Echoing the "no U-turn" declaration made by the Prime Minister the day before, he said "to listen to the siren voices which press alternatives would be simply to restart the engine of inflation."

The Minister rejected a Liberal charge of Government "indifference" to the desperate plight of small enterprises throughout the UK as "plainly ridiculous."

Mr. Stephen Ross (Lib., Isle of Wight), who opened the debate described the findings of the CBI survey as "very frightening."

He said small businesses would be better served if, as during the period of the Lib-Lab pact, the Minister directly responsible for them had a seat in the Cabinet.

Mr. Ross said that although Mr. Mitchell's heart was known to be in the right place, he did not carry sufficient muscle to persuade his Treasury colleagues to adopt the policies needed to help smaller enterprises overcome some of their major problems.

Mr. Ross reported cases of "loyal Conservative business-



Mitchell: Echoed no U-turn declaration

men" complaining that Government policies were driving many businesses into bankruptcy.

He spoke of small manufacturing enterprises being unable to meet their PAYE and VAT payments and of the devastating effects of "usury" rates

of interest that had prevailed for far too long.

To the cheers of his Liberal colleagues, Mr. Ross urged the Government to introduce an interest rate policy which discriminated in favour of manufacturing industry.

"If that means two-tier interest rates so be it," he said. He warned: "Unless first aid is provided now the patient will be dead and buried before this year is out."

Mr. David Penhaligon (Lib., Truro) described the difference between the Conservative Party's pre-election rhetoric on small businesses and its post-election performance as "one of the all-time rip-offs of British politics."

He pressed for Government intervention to secure a reduction in the sterling exchange rate so as to help industry become more competitive.

The only period during which unemployment had fallen in the last five years, he said, was when the pound had been relatively weak.

A Liberal motion condemning the Government's treatment of small businesses, was defeated by 310 votes to 245, a Government majority of 65.

Tory peers may not 'go to the sea'

By Elinor Goodman, Lobby Staff

CONSERVATIVE PEERS may have to get permission from the Whips this year to go to the party conference.

Lord Carrington, the Foreign Secretary, and the likely hero of this year's conference, will almost certainly get a special dispensation to go down to Brighton for the day of the Foreign Affairs debate.

So, too, probably will other Ministers get permission to go to the conference on the day when their subjects are being debated.

But they may not be able to stay down by the sea for the duration of the conference. Instead, they look like being asked to return to the House of Lords. Lesser Peers may be discouraged from going to the conference at all, and be asked to man the division lobbies instead.

The problem arises because the Lords is reassembling after the summer recess in the week of the Conservative conference. The first business in the Lords looks like being the Local Government Bill—which could be one of the most controversial pieces of legislation to go through the Lords this session.

A number of Tory Peers with local government experience are uneasy about aspects of the Bill and the Government's business managers have been privately worried for some time that they could face problems on some clauses.

Their difficulties have been made worse by the fact that some Peers are already feeling that they are being asked to do too much in their role as part-time unsalaried legislators.

The Peers are only paid expenses and do not usually expect to have to be in Westminster more than three days a week.

Over the last few weeks, however, they have had to turn up four or even five days a week—and as was demonstrated by the run of Government defeats on the Housing Bill last week—some Conservative Peers are beginning to rebel.

The worry of the Whips must be that some of these disgruntled Peers may take their revenge by not coming back to Westminster until the middle of October. For the Local Government Bill, however, there will be a firm request from the Whips to attend.

It is because Ministers are covered by this request that some may not this year be seen at Brighton.

But, given the restrictions on raising extra revenue—imposed by both the party manifesto and some of the Prime Minister's election speeches—it does look as if some extra cuts will have to be made, if the PSBR targets are to be met.

The Treasury—and notably Mr. John Biffen, Chief Secretary—has argued that defence, like other departments, should live within its cash limits which must have precedence over plans in real or volume terms. This is seen as symbolically important for the credibility of the Government's strategy.

Preliminary discussions at a Cabinet committee suggested that some concessions might be made to the Ministry of Defence's view, possibly amounting to between £100m and £200m. The Treasury is still arguing this point since it believes some economies can be found within a £104bn budget.

WHITE PAPER ON BRITISH NATIONALITY LAW

Three classes of citizen proposed

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday published proposals for a new British Nationality law which would establish three separate classes of citizenship.

Only one class—British Citizenship—would have the automatic right to settle in this country.

The law will not alter the main terms of the Immigration Act but will effectively reduce long term immigration pressures.

No changes are proposed in the rights of Irish Republic nationals to live, work and vote in Britain—an issue which led to angry protests in the Commons from Conservative backbenchers.

Mr. William Whitelaw, Home Secretary, made it clear that the Government would resist the pressures to change the special relationship with the Irish Republic.

The Government White Paper—which is likely to be examined by a Commons Select Committee before legislation is drafted next session—proposes that the 1948 Act should be replaced by provisions for three forms of citizenship.

British citizenship would be conferred on some 57m people closely connected with the UK.

Citizenship of the British Dependent Territories for people connected with the dependencies; and British Overseas Citizenship for the remaining citizens of the UK and Colonies.

British citizenship would be acquired automatically by those who have:

A right of abode in the UK through birth, adoption, naturalisation or, with some exceptions, registration in the UK.

● The right of abode by having a parent or grandparent born, adopted, naturalised or registered in the UK.

● Wives and widows of British citizens would also be granted British citizenship when the Act came into force.

● So would those who had come from overseas and acquired the right of abode through being lawfully settled here.

Citizens of the UK and colonies from overseas who have been lawfully here for less than five years would become British citizens on completing five years' residence, provided they were then free of conditions of stay.

Women would in future be treated on an equal basis with men.

At present, the wife of a UK and colonies citizen can be registered as one herself, but a husband has no corresponding right.

Under the Government's plans, the husband or wife would, like other adults, have to apply for naturalisation, but the qualifying period would be reduced from five years to three.

Wives who have an entitlement under existing law would have two years in which to exercise the right.

Some Commonwealth citizens settled in Britain since before 1973 would be allowed to register as British citizens for up to two years after the new Act comes into force.

Citizenship of the British Dependent Territories would be acquired under the same general pattern. This would not give the right of entry to a dependency other than that

with which a person is connected.

British overseas citizenship would represent in essence the relationship with the UK held by people connected with countries which were once part of the British Empire, but who are not qualified for British citizenship or citizenship of the dependent territories.

Children born after the Act comes into force to parents who have become British overseas citizens will not themselves hold that citizenship.

Mr. Whitelaw told the Commons that the Government had decided not to introduce any restrictions on the holding of dual nationality by people who came here and acquired British citizenship by naturalisation or registration.

He also told MPs that the Government would continue to recognise the special position for immigration purposes of certain UK passport holders, mainly from East Africa, and would maintain its undertaking to continue the special voucher scheme for them.

All those who had citizenship of the UK and colonies when the Act came into force would acquire one of the new citizenships.

Mr. Whitelaw said that no one who had the right of abode in this country would lose it, except for a small group, formerly stateless and most of them children, who had become partial by registration overseas.

They would be given whichever citizenship their mothers acquired.

The new law would not adversely affect the position under the immigration law of anyone lawfully settled in the UK, nor would it affect the Gov-

ernment's commitment to admit the wives and dependent children of men settled here.

The term "British Subject"—there are 950m throughout the world—would no longer be used.

The only expression denoting the common status of all people connected with the Commonwealth, which would be used in the legislation would be "Commonwealth Citizen."

Joseph Garcia in Gibraltar writes: Gibraltar has reacted strongly against the British White Paper for a new law on nationality.

Sir Josiah Hassan, the Chief Minister, and Mr. Peter Isola, the Leader of the Opposition, say they are "most disturbed" at the implications of these proposals.

They have made the strongest representations to the Governor with a view to reconsideration insofar as the proposals would affect Gibraltarians.

The leaders stress what they describe as "the unique position of Gibraltar." They refer to the exceptionally close links which exist between Britain and Gibraltar, the Rock's special position in Europe which confers on Gibraltarians the international status of community nationals, and the limitations imposed on Gibraltar's constitutional development by Article 10 of the Treaty of Utrecht, Britain's legal title to the Rock.

Gibraltar argues that these special features are unparalleled in any special treatment for the Gibraltarians to their British citizenship.

British Nationality Law, Command 7987, HMSO £2.25.

Benefits based on price increases may end

BY ELINOR GOODMAN, LOBBY STAFF

INCREASED PRESSURE on public spending targets for next year is forcing Ministers to consider breaking the link between some long term benefits, like supplementary benefit, and price increases.

Another alternative being floated is that some short term benefits might have to be cut next year in real terms by more than the 5 per cent reduction imposed this year.

Both possibilities have apparently been mooted during talks between the Treasury and the Department of Health and Social Security, as Ministers look for ways of achieving the broad targets for reduced public expenditure next year, agreed in March.

During similar bilateral discussions with the Department of Education, the Treasury is understood to have had great difficulty in persuading Ministers to come up with the cuts they want.

Mr. Mark Carlisle, Education Secretary, is said to have refused to go all the way to meeting the Treasury's demands, either on reducing proposed pay increases for teachers at schools and universities or in cutting education services.

The White Paper published in March set out a 1.2 per cent reduction in the volume of public spending for 1980-81 compared with this year. Within this total was a small fall in education spending and a small increase in the Department of Health and Social Security's total budget.

But despite this overall increase in DHSS spending, Ministers were going to have to cut programmes because of increased demand for other services coming out of the same budget—most notably those relating to the unemployed and elderly.

Now, however, Ministers have apparently been asked to prepare options for further cuts. According to one estimate, the DHSS may be required to cut another £10m from its planned expenditure on social services next year, and another £250m in

1982-83. The need to prepare the ground for further cuts in spending next year apparently results from a combination of factors. Because of the recession, the projected cost of some programmes looks like being more than expected. There has also been an element of potential overspending in some departments.

At the same time, Ministers have agreed that more needs to be spent next year on employment measures. This additional money is having to be found from other budgets.

On top of this, the Department of Education has special problems of its own caused by the Government's defeat in the Lords over its proposals to charge for school transport. This meant that it lost over £35m worth of projected revenue.

During a series of meetings over the last few days, the Department of Education has apparently been arguing that it cannot find more than another £25m worth of cuts.

Bilateral discussions between the Treasury and spending departments usually take place at this time of year. During such discussions, adjustments for events since the original estimates were made, are normal. The adjustments this year are said to be relatively small.

The problem for some of the spending Ministers this year is that they feel that they have already scraped the barrel dry. Some argue that it would be better to let public sector borrowing rise a little next year than take politically unacceptable measures to get spending back on target.

As an example of the kind of measure which might be necessary, some Ministers are talking about having to break the link between price rises and

social security benefits, like supplementary benefit, which until now has been regarded as the safety net for the unemployed.

Some Tory MPs were uneasy when the Government scrapped the link between increases in earnings and benefits, like pensions, and linked them instead with the increase in prices. The Government would almost certainly face trouble with a section of its own backbenchers if it were to go further down this road.

Even without the possibility of having to make further cuts next year, the DHSS was apparently including the possibility of further cuts in the real value of short term benefits in the list of options for possible economies.

The idea was explored earlier this year when the Government eventually opted for the plan to "abate" the increase in short term benefits, like maternity

benefit, by 5 per cent on the grounds that if they had been taxed, they would have been reduced to this level in any case.

The Government could make another abatement this year. Alternatively, it could change the conditions for receiving some benefits—the death grant is already under review for example. The most politically sensitive option would be to cut the link between prices and old age pensions.

As always tends to happen during this kind of bilateral negotiation, there may be an element of scaremongering as Ministers try to defend their own patch.

But, given the restrictions on raising extra revenue—imposed by both the party manifesto and some of the Prime Minister's election speeches—it does look as if some extra cuts will have to be made, if the PSBR targets are to be met.

The Treasury—and notably Mr. John Biffen, Chief Secretary—has argued that defence, like other departments, should live within its cash limits which must have precedence over plans in real or volume terms. This is seen as symbolically important for the credibility of the Government's strategy.

Preliminary discussions at a Cabinet committee suggested that some concessions might be made to the Ministry of Defence's view, possibly amounting to between £100m and £200m. The Treasury is still arguing this point since it believes some economies can be found within a £104bn budget.

The total adjustment to current year cash limits needed to take account of the inflationary pressures and the absence of any deduction for last year's overspending appears to be between £400m and £500m.

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State chairmen express doubts on cash strategy

BY ANATOLE KALETSKY

GRAVE RESERVATIONS about the feasibility of a key aspect of the Government's financial strategy were expressed yesterday by Sir Derek Ezra, chairman of the Nationalised Industries Chairmen's Group.

He said that the NIGC had expressed concern to the Chancellor about the possibility of achieving the "very substantial turnaround" of £2.7bn in the nationalised industries' finances assumed by the Government's public spending White Paper.

Speaking to the Commons Select Committee on the Treasury, he and other nationalised industries chairmen described the Treasury's apparent commitment to this figure as "hazardous" and "imprudent."

They stressed that the figure was an aggregate based on long term financial forecasts by the industries which were made before the beginning of the present recession.

Because it was based on a residual difference between very large sums, it was liable to large errors if economic circumstances altered.

Sir Francis Tombs, chairman of the Electricity Council, estimated that his industry's borrowing figures three years ahead were probably not accurate to within £300m.

The select committee has itself expressed scepticism about the likelihood of the industries meeting the target.

It is now considering calling on each of the industries to provide the individual financial forecasts on which the Treasury aggregate figure is based.

Particular interest was expressed in the likely profitability of the British National Oil Corporation, which members of the committee felt that the Treasury may have underestimated.

The NIGC representatives also aired their grievances about the over rigid operation of external financing cash limits. Sir Francis Tombs pointed out that the shortfalls in financing tend to be met by capital spending cuts and price increases rather than through reductions in wage bills.

The select committee's members expressed sympathy for this and other problems described by the NIGC.

There was considerable interest in the anticipated industrial proposals for raising money without Government guarantees in the private capital market, and for the idea of taking the nationalised industries' productive investments out of the definition of public spending and borrowing.

A joint working party of NIGC members and Government officials is due to report to Ministers during the next few weeks and is understood to be recommending some relaxation in the cash limits system.

The broader question of the PSBR and the nationalised industries' borrowing abilities will be reserved for further discussion later in the autumn.

Attempt to introduce import controls fails

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN ATTEMPT by Conservative MP Mr. Tony Marlow (Northampton North) to give Parliament the right to introduce import controls unilaterally despite Commons Market regulations was defeated in the Commons yesterday by only 17 votes (153-136).

He pressed ahead with his proposal despite the previous night's debate in which the Prime Minister had firmly rejected general import controls as a solution to Britain's industrial and economic problems.

Mr. Marlow, a leading anti-market, was bitterly opposed by a Conservative pro-market MP, Sir Anthony Meyer (Flint West) who sternly chided him for ignoring the Prime Minister's words.

Sir Anthony urged Conservatives to vote against Mr. Marlow's Ten Minute Rule Bill which aimed to restore to Parliament the right to raise tariffs, set quotas and make anti-dumping regulations despite the provisions of the European Communities Act 1972.

Most of the support for his measure came from the Labour Party, but over 20 Conservatives went into the voting lobby with Mr. Marlow.

He agreed that there were large areas where Britain and Europe could work together. But Britain had joined the Community at the wrong time, with the wrong institutions, fashioned for others and not for us.

By joining the EEC, the UK had surrendered its right to an independent trading policy on tariffs and anti-dumping. Since then, however, times had changed and North Sea oil had ensured that Britain had a strong currency.

This had led to a flow of imports and had meant that Mr. John Nott, the Trade Secretary, was faced with a crowding volume of pleas for help from British industry.

Yet he only had a very limited number of measures at his disposal because Britain had delivered the "steering gear" to Brussels.

Mr. Marlow said that in his own constituency the footwear industry was threatened by dumping from Czechoslovakia and the Third World.

Britain was threatened by imports from other countries in the Community—an efficient productive Europe that had cheap energy, cheap currency and cheap finance. There was nothing the Trade Secretary could do to protect our industry and jobs from this "European onslaught."

"We must urgently return to Parliament the powers to supervise our own trade and return to our government the ability to act on behalf of our people," said Mr. Marlow.

Sir Anthony Meyer protested that the proposals were doubly foolish. For Britain to set an example of cutting trade by import controls would amount to suicide whilst the balance of our minds was disturbed."

He accused Mr. Marlow of pursuing a vendetta against the European Community. He did not see how Conservative MPs could possibly support a measure which was so "clearly contrary to the policies of the party and contrary to the country's wider interests."

Sir Anthony pointed out that Britain exported a greater proportion of its GNP than its main competitors—double that of Japan and four times that of the United States.

He was astonished that after the Prime Minister's speech in the House, Mr. Marlow had not withdrawn his Bill.

If import controls had any part to play then it could only be done through the General Agreement on Tariffs and Trade. The EEC had been outstandingly successful in negotiations with GATT.

Commons to block Lords' amendment

BY ELINOR GOODMAN, LOBBY STAFF

A ROW broke out in the Lords yesterday after a Minister had told the Commons that the Government was not prepared to accept an amendment to the Housing Bill made by the Lords last week.

At Environment questions yesterday, Sir John Stanley, the Housing Minister, said that the Government could not accept the amendment to the Bill which would mean that local authorities would not be obliged to sell to tenants, homes specially built for the elderly.

He implied that the only concession the Government was prepared to make was to consider whether there should be some restrictions on the resale of such homes.

The amendment was pushed through the Lords last week, in a series of Government defeats on the Bill.

The Minister has already said that he is prepared to accept the principle of one of the other amendments. But Peers were incensed yes-

terday to learn, from the Commons, that he was not doing anything about the clause on homes for pensioners.

Their annoyance was partly based on the fact that they were disappointed he was not meeting their point, and partly to the way they felt he had shown a lack of respect to the Lords.

The Housing Bill was still being debated in the Lords, and they felt that such a statement should have been made during the debate.

To show their displeasure, the Peers voted to adjourn proceedings of the House for half an hour. Proceedings resumed afterwards but not before some Peers had been very critical of the Government's handling of the matter.

Lord Shinwell said the situation was "almost unconstitutional." It was an opportunity for the Lords to exert itself, he said. "We should show the flag today, and tell the other place to jump in the lake."

Motorway spending programme

By Lynton McLean

THE GOVERNMENT'S multi-million pound motorway programme will do little to aid industrial recovery, MPs were told yesterday.

The Transport Department plans to spend almost £1.2bn on new trunk roads and motorways between now and 1982-84.

But this spending would not provide the most cost effective solution to road transport needs because the benefits

JOBS COLUMN

Overseas 'store-minders' for U.S. companies

BY MICHAEL DIXON

IT IS an ill tax that bodes no one any good, according to Brussels-based recruitment consultant George Orban. The tax he has particularly in mind is the one imposed by the U.S. Government on the earnings of Americans working in other countries. Even though this regulation has lately been relaxed, it has apparently created considerable opportunity for non-Americans with an international managerial capability.

"Since about 1975," Mr. Orban tells me, "it has been punitive expensive for U.S. corporations to fill their jobs in Europe and other lands with American citizens. This has applied not only to established executives in higher management positions, but also to Americans of more junior grade in posts where they would be learning to manage operations in other countries."

In numerous cases, he adds, the result has been "executive retrenchment."

Instead of sending out senior managers to run the overseas business from a centre in the geographical area concerned, the U.S. organisations have tended to keep these high-level staff at home. At the same time, they have repatriated to the States the top decision-making jobs which were formerly located in the other countries.

This, George Orban says, has created an increased need for

international management skills within the U.S. itself. And since the tax regulation has been inhibiting the corporations from sending out younger managers to train as international executives, some corporations are beginning to feel the need to import into their headquarters non-Americans with the required abilities.

But his particular concern at the moment is with another kind of opportunity which has been created for non-Americans by the recent retrenchment. For the repatriation to the States of the top jobs controlling overseas operations, has left a need in the other countries for "store-minders" to work there at a level of responsibility which, although below the corporate summit, is still high.

It is with three such openings in mind that Mr. Orban has come to the Jobs Column in search of candidates with skills and experience of international management.

The first post is for an expert in multi-country personnel management to work from Paris with a textiles corporation. The immediate responsibility will be to the chief general manager in charge of operations outside America, who is also based in Paris. There will, however, be what George Orban calls "a strong dotted line" connecting the recruit with the head of corporate personnel management in the U.S.

The job title is director of human resources—Europe, but the responsibility extends beyond Europe to parts of the Middle East and North Africa. The operations in these various different countries account for roughly 1,300 employees some of whom, I gather, spend a good deal of time trading in the Eastern bloc.

With about a dozen supporting staff on hand, the newcomer will be in charge of the full range of personnel policies and practices affecting the employees outside America, including the recruitment of senior and middle managers for the area. So there is need for familiarity with laws affecting employment throughout the region, and for knowledge of the best ways of dealing with pay and fringe benefits.

For this post, fluency in both English and French is essential, and proficiency in other languages would be an advantage. Candidates must be able to demonstrate success over at least 10 years as personnel managers covering people employed in both manufacturing and marketing, and in several different countries. Although I cannot personally see how employer quotes a preferred age range of 35 to 45.

Pay, which will be handed over in French francs, is negotiable up to the equivalent of £50,000 annually. There is no car, but the perks include

the possibility of a stock option after a couple of years or so.

The second of the three jobs is based in the Netherlands. It is for a corporate controller for the European activities of a U.S.-owned producer and marketer of fast-moving consumer goods, which employs about 600 people in Holland, Germany, France, Belgium and the UK. Once again, direct responsibility is to the chief general manager for the region, with a "strong dotted line" to the U.S.-based head of finance for the group's overseas operations.

The newcomer will be answerable for the development, maintenance and co-ordination of an effective system of financial and operating controls.

Candidates must not only be versed in up-to-date control techniques and the associated use of computers, having gained their knowledge in similar work with a company—preferably of American managerial "culture"—spanning several different countries in Europe. They must also have a higher degree in management from a recognised business school, and be fluent in Dutch as well as English. Ability to speak French and German would be counted as a plus. The age range quoted is 42 to 50.

The pay here will be about £10,000 worth of guilders a year, and the perks include a car. The last of the trio is the job of directing a project worth U.S.\$750m in an undisclosed

country in Africa on behalf of an American construction group. The project—a mining complex expected to take four or five years—employs about 180 expatriate staff, mostly Europeans, plus some 2,000 local workers.

Responsible to the head of the relevant division in the U.S., the newcomer will be in charge of the whole of the construction and the related civil and project engineering, of the local financial arrangements, and of the personnel management and other administration affecting the expatriate staff.

Candidates for this post must be proficient in English and French, and be able to demonstrate a minimum of five years' success in the management of construction projects worth at least \$300m. They also need experience in U.S. methods of project-planning and control, and they should have a degree or the equivalent in civil engineering or something similar. The preferred age bracket is 45 to 55.

Salary will be negotiable between \$100,000 and \$150,000 tax-free. The comprehensive "expatriate perks" will include free housing, car, educational fees for children and so on.

Inquiries for each of these jobs to George Orban at Carre, Orban and Partners, 250 Avenue Louise, Brussels 1050, Belgium; telephone 2-649 97 58, telex

63663. Since he may not name any of the employers, he promises to abide by any applicant's request not to be identified to the client until permission is given later. So does the next recruitment consultant—the last to be mentioned before the Jobs Column goes on holiday until September 11.

Plymouth

HE IS Hugh Davies, of Hoggett Bowers Selection, who is seeking a head of production, again for a subsidiary of a U.S.-owned company, but based this time in Plymouth—an area of England where many would like to work, but few jobs become available.

The recruit will be in charge of about 500 employees engaged mostly in the batch production of small electro-mechanical devices to the tune of a £7m annual turnover. The need is for someone with demonstrable ability in the management of manufacturing operations of similar kind using the latest control and inventory systems, and who also has an innovative cast of mind. Degree in numerate subject, preferably mechanical or electrical engineering, would be preferred. So would someone aged 32 to 45.

Salary about £15,000, plus profit-related bonus and car. Inquiries to Mr. Davies at 2nd Floor, St. David's House, Wood Street, Cardiff CF1 1FS; tel. 0222 384024.



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Mrs A. P. Roythorne, Science Research Council, Manpower Section, P.O. Box 18, North Star Avenue, Swindon, Wilts. Tel: 0793 26222, Ext. 2192, to whom applications should be returned by 22 August 1980



Research Associate

Creative Strategies International, a U.S. market analysis and consultancy company, wish to appoint a research associate for their London office, to manage all aspects of their research services covering the European data processing market, including the preparation and marketing of research reports and the maintenance of an internal information system. Previous consultancy experience and a familiarity with information technology and the information industry are essential, as are fluency in English and a knowledge of at least one other European language. For further information contact:

Helena Carter, P.E.R., 4 Grosvenor Place, London, SW1. Tel. 01-235 7030. Ext. 237.

Young Accountant Energy Industry London c£10,000

Our client is a world leader in the energy industry. Their diverse activities offer an excellent blend of experience and career advancement which will particularly appeal to an ambitious and career conscious accountant.

Candidates should be recently qualified accountants (aged 24-30) whose experience should include exposure to large company finance and accounting gained in the profession or industry/commerce. They must be self starters with the drive and initiative to ensure maximum career potential within a multi-national group.

If you are interested in making full use of your skills and personality telephone T.W. Benson who will treat your enquiry in strict confidence.

Michael Page Partnership

18/19 Sandland St., Bedford Row, London WC1

01-242 0965/8

FINANCIAL CONTROLLER

Amersham, Bucks c£10,000 + car

A key member of the young and highly successful management team, the Controller will handle the substantially computerised financial and management information systems of the company. Monitoring performance and highlighting problems, he or she will work closely with the Managing Director in the development of the business. Rapid promotion in the UK or overseas is envisaged.

A food marketing and distributing subsidiary of a major multinational, our client operates autonomously and is both profitable and expanding its current turnover of £12 million. Applicants should be qualified accountants aged 26-30 preferably with some experience of the grocery business. Please telephone or write to Stephen Blaney B.Comm., FCA quoting reference 1/2010.

EMA Management Personnel Ltd
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

PRIVATE CLIENT OPPORTUNITY

Our client, a leading firm of stockbrokers with a high research reputation, has a vacancy for an experienced executive in its expanding Private Client and Fund Management Department. The successful candidate is likely to have had at least two years' relevant experience. He/she will be expected to demonstrate initiative and investment judgment as a significant proportion of funds are discretionary. These qualities will be competitively rewarded.

Applications should be sent to J. R. V. Coutts at Career Plan Ltd, Chichester House, Chichester Rents, London WC2, and will be treated with the strictest confidence. Please state if there are any firms which you specifically wish to exclude.

01-493 6010

TOP COMPANIES FOR TOP TEMPS

Don't let holidays disrupt your office—we have well qualified temporary office staff who can work for you immediately. All our temps have been tested and can be relied upon to supply the service our clients require.

Albermarle

31 Berkeley Square, London W1J 8JL

01-493 6010

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

CREDIT ANALYST to £10,000

A progressive American bank require an analyst with a good degree, and at least one year's analyst experience with a good name bank. The vacancy is in the bank's export project finance area, involves a lot of client contact and offers excellent opportunity for a full marketing role in the near future.

Contact Brian Gooch

EXPORT FINANCE c. £10,000

A leading merchant bank requires an export finance executive. The ideal person will be about 30 years of age and will have had several years experience with a confirming house. A reasonable amount of travelling will be involved and the usual banking fringe benefits will apply.

Contact Peter Latham

HEAD OF INTERNATIONAL BONDS/SECURITIES c. £9,000 aged 30-40 yrs.

This leading North American bank require a person with at least three years supervisory experience, gained from within an active settlements area of a bank. In addition to an excellent starting salary, the banks offer a comprehensive benefits scheme.

Contact Brian Gooch

First Floor, entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

European Marketing Officer Cash Management Products

As one of the leading American world banks, we control from our European Headquarters in the City of London a large volume of specialised international business.

To aid our expansion and enhance our multinational banking service we are currently looking for a young professional to assist in formulating and executing a marketing and support plan for computer-based cash management products in Europe.

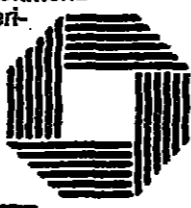
Based in London you will spend up to 25% of your time travelling throughout Europe analysing potential markets and working with key financial officers in multinational companies. You will need to be an excellent communicator capable of dealing with people at a senior level. A second language, either French or German, is essential.

Our ideal candidate, male or female, will be in their late 20's to early-30's, educated to degree level with several years' experience in corporate cash management in a Bank or Company or in a computer time-sharing environment.

An excellent five figure salary, commensurate with your experience will be enhanced by a comprehensive range of benefits; these include low interest mortgage and personal loan schemes, plus free pension, life assurance and private medical treatment plans.

Please write with full details of your career to date to: Janice Grant, Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

CHASE



APICORP

APICORP has been set up by the member states of OPEC to finance oil, gas and their related projects. The capital is denominated in Saudi Riyals. Capital funds including reserves are equivalent to around US\$400 million.

The Finance Department of the Corporation's offices located in Al Khobar, which is located in the Eastern Province of Saudi Arabia, is looking for the

TREASURER

The Treasury Division has the responsibility for investing surplus funds not yet required for project financing, with careful consideration for undrawn project commitments, interest rates, maturities and currency risks. It handles the placement and dealing in deposit markets of all major currencies, and the placement and dealing in money market instruments and in international bond markets. Foreign Exchange market dealing is another major function of the Division. In the future, the emphasis of the Division will shift from investing surplus funds to the funding for project financings over and above APICORP's capital funds. The Treasurer reports to the Finance Manager.

Negotiable salary will be equivalent of around US\$60,000 per annum. In addition the Corporation has an excellent benefit package including free air-conditioned furnished accommodation, 32 working days annual holidays plus public holidays, transportation allowance, free life assurance, medical care, annual holiday air fares, relocation expenses and terminal gratuity.

Please apply, in confidence, giving relevant details of personal and career history. Air mail letters to be sent to:-

The Administration and Personnel Manager,
Arab Petroleum Investments Corporation,
P.O. Box 448, Dhahran Airport, Saudi Arabia.

All applications will be acknowledged, and interviews will be held either in Europe or Saudi Arabia. Successful applicants will have the opportunity to visit the Kingdom before accepting an offer.

Financial director

Midlands, c£15,000 + bonus and car



The company. The major subsidiary of a medium sized quoted international engineering group manufacturing and marketing consumer durables. The company enjoys an enviable reputation for the high quality of its products, employs 1,100 people and turnover is currently running at £17m.

The job. Reporting to the MD you will manage a well developed computer based financial function. More importantly you will be expected to make a significant commercial contribution towards the profitable development of the business.

The candidate. The essential requirements are for a thorough understanding of budgetary control, standard costing and cash management in a light engineering business and a strongly developed commercial orientation.

Fringe benefits are attractive and include a bonus scheme which could add significantly to the salary quoted.

Resumes including a daytime telephone number to E J Robins, Executive Selection Division, Ref. RS463.

Coopers
& Lybrand
associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House, Noble Street
London EC2V 7DQ

Wembley Stadium Limited Chief Accountant

This is a rare opportunity to join a prestigious organisation which has an outstanding international reputation in the leisure industry.

Reporting to the Managing Director you will be responsible for the complete financial and management accounting function of the entire Wembley complex which embraces sport, entertainment and conference activities.

You must be qualified—preferably aged late 30 to early 40—and with previous experience within a commercial organisation. This is a responsible position and as a member of the Executive Committee, you will be involved in the overall management of the company's affairs.

Anyone earning less than £9500 is unlikely to be of the correct calibre. A company car and attractive fringe benefits are available.

We have been specially retained to assist with this important and demanding post. Applicants, male or female, are requested to write in strict confidence, quoting reference 320, to D.B. Atkins, Director.



Alliance Management Consultants Ltd.,
Executive Selection Division,
15 Borough High Street, London SE1 9SH.
Tel: 01-403 0894 (24 hours).

Alliance

International Money Market Group Controller

Our client, an International Money Broker, with offices in the major money centres world wide, seeks a mature and experienced accountant to work closely with the Financial Director in London.

He or she will specifically be concerned with the control and consolidation of overseas operations, preparation of statutory accounts, and accounting for a flourishing in-house leasing operation as well as assisting with day to day functions of the London office.

A wide technical experience, including a knowledge of computers, preferably gained within the financial sector is mandatory; as important is the personality and ambition to succeed in a unique and dynamic environment.

Location will be London and there will be overseas travel. Applications are invited from those currently earning £12,000-£15,000. A competitive salary will be paid and a car will be included in the package.

Please apply in writing, quoting reference 1152 to David Dale.

Odgers

MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St,
London W1X 3TD
01-499 8801

Young Qualified Accountant

for Group Financial Control
S.E. London c. £10,000

MOLINS LIMITED is a British publicly-quoted group of precision engineering companies, with extensive overseas interests. We are world-leaders in our field of specialised machine-products. Turnover exceeds £200m and the profit record is good.

The appointment is that of Deputy Financial Controller at the group headquarters. This is a post of particular interest and challenge to the younger qualified Accountant who is seeking to develop a career in industry.

Main activities include:-

Group reporting; Taxation and taxation-planning; Financial performance forecasting/monitoring; Professional advice at Board level.

Main benefits include:-

Good pension & life assurance; Sick-pay scheme + BUPA; 5 weeks' holiday; Comprehensive relocation assistance. Applications by letter and c.v. please, to J.H. Wiles, Group Personnel Services Manager, Molins Limited, Evelyn Street, London SE8 5DH.

MOLINS
International Precision Engineers

Pension Fund Manager

J. Henry Schroder Wagg & Co. Limited is looking for an experienced investment manager to join its expanding Pension Fund Department. The successful candidate will be responsible for the day-to-day management of pension funds and other institutional funds and will be expected to contribute to the development of investment strategy. Career prospects within the Schroder Group are excellent.

Candidates should be aged between 27 and 35 and have several years' experience in the management of U.K. pension fund assets. A degree or professional qualification is preferred but not essential.

A fully competitive salary is offered and the Company's standard conditions of employment include four weeks' annual holiday, a non-contributory pension scheme, a mortgage subsidy scheme and family medical insurance.

Applications should be made in writing, and sent with a full curriculum vitae to:

Mr. John R. Lambert
J. HENRY SCHRODER WAGG & CO. LIMITED
120 Cheapside, London EC2V 6DS.

SCHRODERS

A Forfait Export Finance Specialist

Citicorp International Bank Limited is expanding its activity in the 'a forfait' market and requires a specialist in this area.

Function will entail assisting our 'a forfait' financing manager in examining proposals presented, reviewing risks involved and fully documenting and controlling each transaction to conclusion.

Successful candidate will have minimum 23 years experience of 'a forfait' documentation and procedures, probably with a bank or dealing firm. Experience in documentary credits and other trade financing procedures would be helpful, as would a foreign language.

Salary will be competitive in addition to an excellent range of benefits which includes relocation expenses, low cost mortgages, personal loan plan and non-contributory pension scheme.

Please write with full curriculum vitae to Mr. Andrew Dobson, Executive Director, Citicorp International Bank Limited, P.O. Box 242, 335 Strand, London WC2R 1LS.

CITICORP
INTERNATIONAL
GROUP

Recently Qualified C.A. or A.C.A.

International Auditing as the first step
c.£12,000 + extensive travel - London base

Far too many employers expect qualified accountants to be satisfied with an essentially accounting way of life. Our experience suggests, however, that many young accountants are looking for a move into a more commercial, hard-hitting environment, in which they can be directly involved in creating profit rather than merely recording it. This successful, multi-million pound international company, which markets luxury items, has appreciated that fact, and its entire Finance activity is structured to attract such people. Clearly there are purely financial roles which need to be played - and this time we are talking about the review, evaluation and (where necessary) improvement of the application of financial and operating controls throughout the European division, with emphasis in Scandinavia, and some interests further afield. It means considerable travel and obvious flexibility; even more importantly it offers a fast track into more general financial management itself. Please write, with full career details, to Terry Ward.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 0083/TRW.

BROOK STREET EXECUTIVE RESOURCES LIMITED

47 Davies Street, London W1Y 2LN. Telephone 01-499 7382
The Executive Selection Company of the (BROOK STREET) Employment Service Group

ASSISTANT to MANAGING DIRECTOR

London c£11,000

We are a £400 million t.o. group of companies operating profitably on a world wide basis. We seek a well qualified executive to assist a Managing Director based at the Group's headquarters in the City. In the development and control of a major sector of the Group's manufacturing activities in the U.K. and overseas. This is a demanding and interesting opportunity for a graduate man or woman probably aged around thirty who can offer experience in the analysis of company reports and statistics, in the development of sound corporate strategies, in commercial liaison work and in acquisition studies. The person to be appointed is likely to be a graduate of a business school and with a background in financial work, perhaps obtained in employment with a merchant bank. Intellectual ability, a firm personality and a flair for communicating at boardroom level are essential qualities.

Please apply with a c.v. in strict confidence, to the Managing Director, Box A7327, Financial Times, 10 Cannon Street, EC4P 4BY

The National Bank of Kuwait S.A.K. - Kuwait

Senior Dealer - Deposits

Applications are invited for the position of Senior Dealer - Deposits.

The successful candidate would be based in the Middle East and be responsible for the deposit trading activity of the Treasury Division.

Candidates are likely to be aged between 27 and 32, with a minimum of five years' experience in a major money centre.

Salary is negotiable with normal expatriate benefits.

Applications should be made in writing with a detailed resume to: Mr. Andrew Grant, Treasurer, The National Bank of Kuwait S.A.K., P.O. Box 95, Safat, Kuwait

INTERNATIONAL BANKING

The following are among the most urgent of our very much more comprehensive range of current assignments:-

INTERNATIONAL AUDITING c. £9,000
Major N.Y. bank seeks a young A.I.B. with good all-round experience to augment the team responsible for auditing its operations in the U.K. and abroad. Euro language helpful.

FINANCIAL CONTROL c. £7,500
An unusual opportunity for someone with sound training in international bank accounting to assist management in the direction and control of a rapidly expanding operation.

BANK OF ENGLAND RETURNS c. £5,500
Although specific knowledge of B. of E. returns is the immediate requirement this position offers increasing involvement in all aspects of management reporting.

To discuss these, or your own particular requirements, please telephone Ann Costello or John Chiverton A.I.E.

JOHN
CHIVERTON
ASSOCIATES LTD.

31, SOUTHAMPTON ROW,
LONDON, W.C.1.
01-342 5841

20 Senior Appointments

SENIOR ACCOUNTANT

MIDDLESEX £11,000 + CAR

Our clients, manufacturers of laboratory equipment, require a Senior Accountant for both internal accounting and liaison with the parent company on financial matters. The position which will involve the preparation of forecasts, budgets and accounts of subsidiaries, offers a challenging role to a qualified accountant in the age range 25-35, preferably with experience of computerised systems. The appointment offers an attractive salary and benefits package and excellent prospects. Ref. 1363.

Contact: Gordon Montgomery or Mark Lockett on 01-588 5105

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS

41 London Wall, London EC2M 5TB. 01-588 5105

Investment Research Analyst

Charter Consolidated Limited, an International Group engaged in the development of mining and industrial interests, has a vacancy for a research analyst in the mining section of the Investment Department. This vacancy provides the opportunity for someone with fund management ambitions to join a small team responsible for the management of both trading and long term investment funds.

Applicants, male or female in the 25-35 age group should be geologists or mining engineers with preferably some experience with a financial institution or stockbroker. The salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme.

Applications, which will be treated in confidence, to: The Personnel Manager, Charter Consolidated Services Limited, 40 Holborn Viaduct, London EC1P 1AJ.

CHARTER

FOREIGN EXCHANGE DEALER

TO £17,000

Our client is a well established American bank which maintains a compact London office where it seeks to expand its dealing activities by appointing a fourth dealer. You'd principally deal in European currencies in which previous experience is sought. The bank seeks to appoint a really experienced trader with a minimum of 5 years' dealing experience and preferably in the age range 26 to 30 to fit in with the current team. Salary will be £10,000 to £17,000 by negotiation and benefits include low interest mortgage.

To apply call Dudley Edwards on 01-588 3266 or write to: Alison Harding Ltd., Banking Recruitment, 88 Moorgate, London, EC2A 3PF. Alison Harding Limited, BANKING RECRUITMENT UNIT

SAVE THE CHILDRENS FUND NEPAL

Accountant required based in Kathmandu with well established team. Teams also operating in other remote areas of Nepal, which necessitates seasonal travel.

Initial 18-month tour offered. Salary negotiable subject to age and experience. (Qualified applicants only please.) Board and lodging provided, return air fares paid. Local leave with subsistence allowance, and terminal leave pro rata to contract.

Apply in writing:

Overseas Personnel Office
Save The Children Fund
157, Chiswick Road
London W4 3BP

Operations Auditors - c. £13,000

A leading international bank based in London with a wide network of branches and subsidiaries throughout the world is looking for two Banking Operations Auditors. Both these positions are of a senior nature and involve management of internal audit teams.

Senior Internal Auditor U.K. (aged 28-35)

Suitable to Bankers with managerial experience who have a good overall knowledge of banking operations and are familiar with computer systems. Limited travel within the U.K./North America involved.

Audit Manager Africa/Middle East (aged 32-40)

Similar experience to above but preferably gained overseas. Applicants for this position should be adaptable as this post involves full-time travel for which overseas allowances are payable.

There is an excellent benefits package for both posts including subsidised mortgage and personal loan facilities, non-contributory pension scheme and free BUPA membership.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1722. These appointments are open to men and women.

ASL CONFIDENTIAL
RECRUITMENT

17 STRATTON STREET
LONDON
W1X 6DB

INVESTMENT CONTROLLER

Senior Investment Manager required by Lloyd's underwriting managing agents to invest multiple currency funds in gilt and bond markets. Must have proven experience and track record over a long period.

Salary negotiable: £15,000 p.a. plus car. Non-contributory pension scheme. Impeccable references required.

Write Box 630, c/o Hanway House,
Clark's Place, Bishopsgate,
London EC2N 4BJ

ADMINISTRATIVE ASSISTANT

Japanese Securities Company requires three male or female administrative and bookkeeping assistants for its London office. Employer is subsidiary of Japanese parent and buys and sells securities for customers all over the world. UK company works closely with and subject to the instructions of parent company in Tokyo. Candidates should be fluent in Japanese and English and have a very good working knowledge of Japanese securities. Bookkeeping experience and understanding of accounts and of the securities markets would be an asset. Salary is negotiable. In the region of £4,500-£5,000 plus luncheon vouchers. Working hours 9 a.m. to 5 p.m. with 1 hour for lunch, Monday to Friday. Summer and winter bonuses are paid, in the discretion of the management. 21 paid working days holidays plus all normal public holidays. Candidates should write with full details, in confidence, to: Box A7255, Financial Times, 10 Cannon Street, EC4P 4BY.

INVESTMENT ASSISTANT

EDINBURGH

Large Investment Trust in Edinburgh with a broad international portfolio offers a position as Investment Assistant in the Research Department. The successful applicant will work closely with the Portfolio Managers and this work is varied and interesting.

The position will suit a 22-24-year-old recently graduated man or woman, although consideration will be given to someone with 1 or 2 years' investment experience. Good working conditions and salary.

Write with brief details of academic qualifications and experience to:

The Secretary,

British Investment Trust,
46 Castle Street, Edinburgh EH2 3BR

Financial Accountant

24-35

London

c£10,000

A leading US multinational seeks a financial accountant for their London office. This is an interesting career opportunity.

Reporting to the Chief Accountant the successful candidate will be responsible for a department of around 15 people, the preparation of monthly management reports, the strict control of accounting records in accordance with high company standards and daily cash management. In addition, he or

she will be given the opportunity to extend the use of computerised systems.

Ideally candidates should be ACAs or ACMAs with experience of a large organisation. Salary is negotiable around £10,000. Promotion prospects are excellent and depend upon performance.

Applicants should telephone, or write in confidence to Carol Marry for an application form quoting client reference 2001.

Roland Orr
Management Consultants

35 Piccadilly, London W1V 9PB. Telephone: 01-734 7282.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Internal Consultants

Single ACAs with languages
London based, to £12,000

In two years time you could be faced with a pleasant dilemma—whether to pursue your career opportunities within this multi-billion pound oil company or to capitalise on your then market ability. You will spend your time as a member of a team responsible for planning and executing reviews, throughout the world, of operational units concerned with oil exploration, petrochemical production and marketing/selling. Having completed the review your reports and recommendations will go to senior management and you will monitor the implementation of corrective action. The company will provide high level training in finance and DP techniques and systems. Travel content will be between 30 and 60%. The opportunity to reach this dilemma is open to young, single ACAs who have recently qualified and have a good grasp of a second European or Scandinavian language.

N.P.S. Lilley, Ref: 22213/FT. Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, Sutherland House, 5/6 Argyle Street, W1E 6EZ.

Treasury Manager

Citicorp International Bank Limited is seeking an ambitious, experienced individual to serve as Treasurer of the bank, responsible for funding and liabilities management.

Functions will include implementation of funding policy, liquidity control, management of special and supplementary deposit requirements and control of FX positions.

The successful candidate will have 3/4 years of experience as a sterling/dollar deposit or C.D. dealer, some experience in FX trading and a good operations background. Some experience in liabilities management would be advantageous. This job reports to an Executive Director and prospects are excellent for advancement in a growing organisation.

Salary will be competitive in addition to an excellent range of benefits which includes relocation expenses, low cost mortgages, personal loan plan and non-contributory pension scheme.

Please write with full curriculum vitae to Miss Sara Hodson, Citicorp International Bank Limited, P.O. Box 242, 335 Strand, London WC2R 1LS.

CITICORP
INTERNATIONAL
GROUP

The Court of Auditors of the European Communities

requires for its office in Luxembourg, to be employed under the regulations governing the terms of employment of other servants of the European Communities

AN ECONOMIST

specialising in the structure of the agricultural industry and in forecasts of profitability.

AN ECONOMIST

specialising in the problems of regional development and in the analysis of statistical information.

AN ACCOUNTANT

specialising in computer auditing, who will be required to provide technical advice, assistance and training to audit staff in the fields of examination and evaluation of computerised systems as well as the use of the computer as an audit tool.

Salary: approximately 100,000 to 130,000 Belgian francs net per month, according to age and family circumstances. Maximum age: about 40. Languages: excellent knowledge of at least French and English required. Candidates must be nationals of one of the Member States of the European Communities.

Applications should be sent to the following address accompanied by a curriculum vitae:
Cour des Comptes des Communautés européennes. Service du Personnel, 29 rue Aldringen, LUXEMBOURG, G.D.

Further information may be obtained at the above address.

STERLING MONEY MARKET

An exciting opportunity exists for experienced commercial dealers to participate in the growth of Phillips & Drew's money market activities. This will be a challenging opening for those with either a Money Market or Stock Exchange background but experience of the Gilt Edged market would be an advantage. Prospects for the successful are excellent.

Please reply in writing or by telephone to:

G. M. Redman-Brown, Partner, Phillips & Drew
Lee House, London Wall, London EC2Y 5AP
(Telephone: 01-623 4444)

SPENCER THORNTON AND CO.

require an

ENGINEERING INVESTMENT ANALYST

Applications are invited from Investment Analysts with at least two years' experience to head a section of our investment research activity which supports institutional and private client business.

Applications to

B. D. Newman

MESSRS. SPENCER THORNTON AND CO.

Spenthorn House, 22, Cousin Lane

London EC4R 3TE

**CAPEL-CURE MYERS LTD.****FIXED INTEREST SALES EXECUTIVE**

We wish to recruit a Specialist Sales Executive with at least five years' experience of the Debiture/Loan Stock Market. He/she will be required to advise our institutional clients on every aspect of the fixed interest market.

The successful candidate is unlikely to be under 30 years of age and will join a small professional team which is developing the firm's Fixed Interest business.

We can offer a highly competitive remuneration package.

Please apply to J. McGregor, Director of Gifts,
or M. C. J. Neill, Personnel Manager, at

CAPEL-CURE MYERS LTD.

Bath House, Holborn Viaduct, London EC1A 2EU

Tel. 01-236 5080

CONTI COMMODITY SERVICES LTD.

require a

BASE METALS ANALYST

to take responsibility for London fundamental and technical research. Candidates should have some experience in metals research. For this position, a graduate in the age range 25-35 would be preferred and a competitive salary package is offered.

Applications to Mrs. L. Bircham

ContiCommodity Services Ltd.

World Trade Centre, London E1 9AA

FOREIGN EXCHANGE DEALER

Leading American bank requires Dealers with two to three years' dealing experience for its London office which is actively engaged in international markets.

Salary negotiable and competitive and the total benefits package is attractive.

Reply to Box A.7261, Financial Times
10 Cannon Street, EC4P 4BY

CAPEL-CURE MYERS LTD.**BLUE BUTTON**

We wish to recruit a Blue Button to join our Equity Dealing Team. An ideal opportunity for an experienced Blue Button looking for early authorisation. A competitive salary will be offered to the right candidate.

Please phone or write to:

M. C. J. Neill, Personnel Manager

CAPEL-CURE MYERS LTD.

Bath House, Holborn Viaduct, London EC1A 2EU

Tel. 01-236 5080

INSTITUTIONAL PARTNER

We are a medium-size firm of Stockbrokers with a strong reputation in Research, Fund Management and Corporate Finance. We are looking for another Institutional Partner to join our existing team.

The prime requirement is the ability to command the respect of institutional investors: it is likely that the successful applicant would either be an Institutional Salesman with a track record of success or an Investment Analyst with a reputation. There is no requirement for capital as this will be met by the existing partners, however the new Partner would be expected to save a proportion of a substantial income.

Please reply to Box A7268, Financial Times, 10 Cannon Street, EC4P 4BY.

APPOINTMENTS ADVERTISING

is Continued Today
on the Following Page

MARKETING IN THE 80's

As a graduate, the rapid rise early in your career may mean that you're fast running out of scope for further development. You could be feeling that it's time to weigh up the alternatives open to you.

And that's where Esso Chemical comes in.

In anticipation of future market developments, we now need to enhance the marketing and sales function at our Southampton headquarters. With our eyes firmly on the future, we intend to recruit some of the most promising young graduates around.

Marketing is a challenging proving ground for individual worth. It requires the ability to sell yourself, and your commitment. So if you've managed that quite effectively in the past—at University and in whatever career you've pursued since graduating—then we will offer you the opportunity to make the most of your natural abilities.

With between one and three years' work experience, not necessarily in a marketing role, your most vital attributes will be energy, creativity, initiative, business acumen and a record of achievement.

In the course of your initial assignment in Market Planning, you'll be able to familiarise yourself with the full range of opportunities and challenges inherent in chemical marketing. We would expect that, with this experience and our training behind you, you would then be ready to move to an Industrial Sales appointment. This would involve you in senior level customer contact, and later possible overseas assignments, giving you every chance to develop with your responsibility. You are assured of a salary that keeps pace with your achievement, which will be supported by a comprehensive range of benefits including sickness benefit and Company pension scheme, and generous assistance with relocation to this attractive part of the South Coast.



Interested men and women should write with full personal and career details to:
Julia Pokora, Esso Chemical Limited,
Arundel Towers, Portland Terrace,
Southampton SO9 2GW
quoting ref: FT or telephone 0703 34191 Ext. 1000
for an application form.

Insurance Accountant

c.£12,000 + Car

We are a member of the international Sentry Insurance organisation whose world-wide assets exceed £800 million. We are now seeking a qualified accountant to take control of the accounting function for our City of Westminster Assurance Company Limited, which is primarily concerned with single premium and unit-linked life assurance and individual pension schemes.

Reporting directly to the General Manager you will be responsible for the maintenance and development of financial control systems and all aspects of the company's accounting procedures. You should be familiar with computerised accounting and capable of working to a monthly deadline. Previous insurance experience is an essential requirement. This presents a good career move for the right applicant with drive and ambition.

Based in Central Milton Keynes you will be required to spend some time in London during your initial period of employment. In addition to relocation expenses (if appropriate) you will receive a generous salary, a company car, and the usual large company benefits.

Please send detailed CV to:

Mrs. W. Jones, Personnel Manager,
Sentry Insurance Management Limited,
Ashton House, 499 Silbury Boulevard,
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THE MARKETING SCENE

The wine market, though fragmented, is still expanding fast

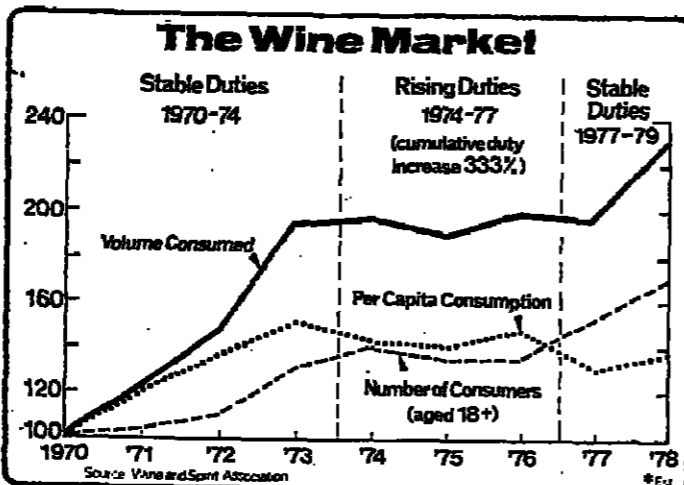
Wine: a shift in the centre of gravity

AT FIRST GLANCE, the U.K. wine market looks an ideal stamping ground. Not that it is significantly underdeveloped, but wine consumption in this country at around 6.5 litres per head, is still only a modest fraction of consumption elsewhere.

The French lead the way, at 98 litres per head, followed by the Portuguese (91.3 litres) and the Italians (91). The West German figure is 23.8 litres, the Dutch 12.2, and even in the U.S. consumption is greater than in Britain.

Yet only the unwary would hurl themselves into a market as fragmented as this without at least a cursory acquaintance with the habits and tastes of the new wine drinker. There are still an estimated 15m people in Britain who do not drink wine, which is why the likelihood of further, fairly rapid, market expansion is said to look so bright.

The new wine drinker was the subject of a talk given to a meeting of the Marketing Society in London last week by David Hope, marketing manager of



Stowells of Chelsea. Appropriately, the gathering was staged in the magnificent Portico Room at Whitebread's Chiswell Street brewery. Ingeniously, it was followed by a Stowells wine tasting, during which the potential for future market growth was conscientiously explored.

There has been very rapid

market growth of late. In the past four years, the proportion of the population drinking wine has risen from under 40 per cent to around 60 per cent. The most important factor, says Mr. Hope, is price, specifically the price of table wine versus other categories of alcohol. In the past two years, Britain's newly oil-based cur-

rency has enjoyed strong upward movements against the currencies of the major source countries for table wine. The exception is Germany, and even there the adverse movement has been only slight.

Further, EEC pressure on duty harmonisation is at the very least likely to negate any danger of a major increase in table wine duty, while in the longer term a relative reduction is even on the cards.

As for the market profile, there is a fairly even male/female split in wine consumption, and a marked regional bias: 71 per cent of those who live in London drink wine at some time or other, for example, against only 38 per cent of those who live in Scotland. Not surprisingly, wine drinking shows a very heavy up-market bias, so that 90 per cent of ABs claim to drink it against 63 per cent of Cs.

Although the number of wine drinkers has grown by around 70 per cent since 1970, says Mr. Hope, it is expected to grow by a further 20 per cent

in the next two years. As the size of the market expands, so its centre of gravity will move down the social scale, and the young will be an increasingly important market factor.

To date, there had been only a limited degree of brand development in the wine market, and growth had been achieved in spite of relatively low advertising support.

Yet to assume that this was likely to continue might be dangerous, for the importance of advertising in further developing the market was likely to increase.

The appeal of French wines would be maintained at least for the mature wine drinker, while at the immature end of the market, bland white wines, notably Eastern European and Italian products, would continue to hold sway. The third inference that could reasonably be drawn was the continuing importance of price, as witnessed by the success of Italian wines which had established a strong market position by combining low pricing with packaging innovation.

THIS MAY be the last agency league table we need to look at for some time. It is the Media Expenditure Analysis summary of top rankings and trends, and confirms the re-apotheosis of J. Walter Thompson, which has reasserted its position as Britain's premier agency. JWT's current MEAL figure takes it clear of its

three main rivals, and relates only to JWT's main-agency business. It incorporates none of the billings of JWT Manchester. Nor does it reflect any of the £10m worth of new business JWT has won so far this year.

The figures for all agencies are based on MEAL's monitoring of television and

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The rush by Allen Brady and Marsh up the ratings is now gaining force.

MEAL's TOP TEN AGENCIES (ADJUSTED RATE CARD EXPENDITURE, £m)

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1 J Walter Thompson	54.2	48.8	42.4	40.8	45.3
2 Saatchi and Saatchi Garland Compton*	51.4	52.2	43.6	43.4	47.2
3 D'Arcy-MacManus and Masius	50.9	55.0	50.7	45.5	46.6
4 McCann-Erickson	44.9	41.4	45.3	42.7	43.5
5 Collett Dickenson Pearce	40.2	38.2	34.1	30.3	31.0
6 Ogilvy Benson and Mather	38.8	34.2	31.3	28.7	32.0
7 Young and Rubicam	26.3	23.3	21.4	19.0	20.7
8 Allen Brady and Marsh	26.2	20.4	19.9	17.6	17.9
9 Ted Bates	24.1	23.3	21.3	20.5	23.1
10 Dorland	22.5	19.9	17.5	14.7	16.7

* Includes Hall Advertising and Downtown Advertising.
Source: Media Expenditure Analysis.

IN ADVERTISING, TALENT IS TOO EASILY CONFUSED WITH TRENDINESS

Creativity: bridging the chasm between artistry and hamfistedness

ONE OF THE BEST pieces of advice I ever received regarding advertising agencies concerned seating arrangements for lunch. My instructor was the head of one of the American-owned agency networks, a man whose success as an advertising copywriter had brought him great fame and wealth.

His advice was this: "Whenever you visit an agency for lunch, make sure they sit the chairman on your left hand, the creative director on your right. In that way you will discover within 15 minutes what that agency has to offer. If all is going well, the chairman will discuss the profits of his clients, while the creative director obliterates your ignorance as to the interpretation of the ads."

"The media people, on the other hand, should be seen and not heard. They are paid large sums of money but will advance your understanding of our profession not a bit. If it is a good agency, the chairman and the creative director will have got their act down to under seven minutes."

It has proved oddly reliable advice, although in truth, to

discover what is genuinely a "creative agency" takes rather more than seven minutes. It is a subject that has been intelligently addressed by Lee Weinreich, creative director of Wasey Campbell-Ewald, Britain's 10th or 11th biggest agency, in the second issue of Creative Review, which hails from the Marketing Week stable.

"There was a time," says Mr. Weinreich, whose bark is the equal of his bite, "when to be called a 'creative agency' was to be part of a brave, and often shunned, minority. Other agencies boasted that they were research-based, or media kings, or marketing-orientated; their creative department was reduced to a studio function handling the marketing brief. The appeal to Philistine clients was obvious."

But a generation of admen retired or died, and suddenly creativity became modish. "Perhaps it has something to do with a new intake of brand managers," he says, "or ex-agency marketing directors. Agencies that had previously winced at the epithet suddenly

went 'creative.' It was a horrible sight.

"They adapted the surface elements of current fashion and applied them liberally. In many cases the agencies withered, died, or were absorbed into anonymous groups of initials. The reason as we shall see was that they did not realise the implications of being 'creative.' Being advertising people, they thought that simply to adopt the word, the label, was the thing."

According to Mr. Weinreich, creative transfusions are not so easily come by. If the environment is wrong, he says, personal chemistry is not enough. For an agency to be creative, he says, it needs:

- 1-A creative reputation that attracts the sort of clients that want its sort of work—difficult if you are starting afresh;
- 2-High-quality account people who can sell your work, present it in its context;
- 3-Talent for which there is no substitute. An agency needs both hardened professionals and gifted lunatics. "Beware that you do not confuse talent

with trendiness, or individuality with eccentricity."

- 4-An environment that encourages innovation. "Difficult to pin down," he says, in the clipped sub-prose of the creative professional, "impossible to conjure out of fresh air, but easy to spot if you're in it. Very rare."
- 5-Generous media budgets, because even very good creative work needs exposure.
- 6-Generous production budgets—a requirement that will cheer production houses but trigger a bank of sirens in accounts departments.

7-The confidence to fire a client if he doesn't buy your strategy or your work and is upsetting your staff—but only if you are positive you are right.

In passing, Mr. Weinreich asks clients to consider the heresy that while the foregoing might be an accurate description of conditions at Collett Dickenson Pearce, or Boase Massimi Pollitt (two of Britain's most avowedly creative agencies), it could also fit Allen Brady and Marsh: "They don't score high at D and AD (Designers and Art Directors

Association), but they do win business."

After all, it is clients that appoint agencies. Clients, says Mr. Weinreich kindly, can be divided into two sorts, the bold and the cautious. Bold marketing directors embark on bold strategies that can either land them in glorious retirement in Antibes or their companies in bankruptcy.

Cautious marketing directors develop cosy relationships with their agencies and adopt cautious marketing strategies that breed cautious ads. Many of them, he says, have control over immense budgets which they spend to tiny effect on the public's awareness.

Some agencies have become very rich by making cautious ads. Cautious clients like nice settings for their products, and nice sons. They do not go in for impact.

"Bold agencies can make bold advertising on bold strategies (Heineken and Fiat spring to mind), but sometimes they are cautious strategies (Homeplace and Smash). It's also possible to do awful advertising on brave strategies: can anyone

remember an ad for Skytrain that moved the imagination?"

Some agencies pretend they are bold. They do not attract big budgets, so they attempt to drum up impact by using shock. They confuse outrageousness with creativity, eccentricity with originality, and make a lot of noise at prizegivings.

Mr. Weinreich warns against the "fashion trap," citing what he calls John Player's halfhearted imitation of the surreal puzzle pictures of Gallaher's Benson & Hedges posters. "Never was the chasm between artistry and hamfistedness better and more publicly displayed," he claims.

The Benson & Hedges posters spawned a thousand bad imitations, he says. Concerned only with look and style, they splashed surrealism over every product they could lay their hands on: chocolate bars, hi-fi, surf glasses, sun-tan oil, cosmetics—everything shot with a maximum of surface gloss and a minimum of what the masters themselves had been trying to say.

Fashion has a lot to answer for in creative departments all over town are packed with eager young people trying to get their books to look as much like Collett's or Boase in order to get into Collett's or Boase so that they can do ads that look like Collett's or Boase.

But they're in the wrong environment. They don't have the same strategies. They haven't the budgets. And if they're really as stupid as I'm making them out to be, they haven't got the talent, either."

He says there is not much skill about it. Recent examples of ads that confused originality with outrageousness, and had gone way over the top, he cites as follows: a Sony video-recorder advertisement with grown men in short pants, the commercial for Drifter, and a poster he saw in Kentish Town which told him that "The Alfa means happy motoring" (Alfa is a camera—in this case a motorised one).

He despises "that fashion-conscious dreck in the glossier monthlies telling the indolent rich that the merchant classes understand their rare lifestyles ("Elbeo is typical. Principle is laughable"), and says he has seen a strange ad for a car called a Daihatsu. "The headline read, 'One day every museum will want one.' The copy never explained the headline. Perhaps we should be grateful."

The average creative chap, says the Wasey major-domo, is unaware of Bill Bernbach's telling statistic: that 35 per cent of all advertisements are never noticed.

"Perhaps I should feel pity for him. The average creative person is ill-led, ill-briefed, and crudely-researched. In most agencies his work is low on the list of priorities." More important is keeping the account, maintaining cosy relationships with cautious clients.

According to Mr. Weinreich, creative transfusions can only work when the will exists for true change. Otherwise the natural order of events is decay, death, rebirth and fresh growth.

For some agencies, that ought to be a happy thought.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

ENERGY

Fuel gauge 'eye'

WHILE some observers are predicting the £2 gallon of petrol for early in 1981, and others say increasing competition between major refiners will help to hold down advances, most appear to be agreed on the need to ensure that all vehicles are running as economically as possible. In view of the recent swing in price increases in liquid fuels.

However, all motorists will know how long it takes to determine just how much petrol a new vehicle is consuming, particularly those with the attenuated petrol gauges that seem to be the fashion in some countries.

To make fuel consumption readings less of a peradventure, a UK group has developed a series of "instant" miles per gallon indicators to suit various engines.

FS 20 (Fuelstretcher 20) provides a digital reading of what the car is running at with a

choice of two display frequencies, automatic clear-down when idling and simple calibration.

A somewhat more expensive fuel injection version with two flow sensors is on offer and the latest version is a low-cost display which gives total gallons consumed from reset. "Quick-fit" version as a fuel consumption checker, with a readout in three decimal digits.

DIY or dealer fitting is possible and the company points out that one immediate advantage of the mpg indicator could be to show up such defects as binding brakes, off-tune ignition or even incorrect tyre inflation, leading to savings of as much as one-fifth without anything more than the most simple adjustments.

EnviroSystems, which also sells an all-electronic cruise control unit, is at Hampsfell Road, Grange over Sands, Cumbria. LA11 6BE. 044 84 4233.

PROCESSES

Solves a sticky die-casting problem

A MAJOR production problem has been unlocked at chloride Industrial Batteries' new plant at Over Hulton, Bolton, with the installation of precision air atomising nozzles on the company's lead die-casting machines.

One of several priority operations in the manufacture of batteries here is die-casting the lead positive spines—considered important because the machines employed represent a high capital investment which must be thoroughly utilised.

Successful die casting depends on the fine and even application of lubricant to the mould surfaces, and the lubrication is a silicone based oil which, if overused, results in

castings spoiled by "feathering" or, if used little is used, means industrial batteries. Either way, die-casting is interrupted and, in turn, holds up an inter-linked assembly operation.

Lubricant is applied through spray nozzles mounted on the extractor arm which withdraws castings from the dies. Flow through the original sprays was adjustable at the nozzle but atomisation was poor and surface coverage uneven.

It was found that continual adjustment of every nozzle—seven on each machine—in an effort to create a satisfactory balance simply wasted time and temper.

Through a lengthy commissioning period, the percentage of reject castings remained high, with output below target.

In January, the company consulted C. T. (London), Walnut Tree House, Woodbridge Park, Guildford, Surrey (0483 502020) UK distributor for Spraying Systems Co., of Wheaton, Illinois, US, on whose recommendation was installed the pneumatic atomising nozzles.

These are precision sprays which employ compressed air to break up the liquid into fine droplets and give close control over the volume degree of atomisation and distribution of fluid applied—with the result that the die surfaces now receive even and correct lubrication.

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SAFETY

Poison dust blown to safety

EQUIPMENT and a method of handling stripped asbestos lagging in confined spaces has been developed by a UK company under a contract with the Ministry of Defence. It has obvious applications throughout industry.

Special applications division of Miracle Mills was called in by MOD to discuss the problem of how to cope with delagated asbestos in the boiler rooms of naval vessels undergoing refit or modernisation. The company put up a suggestion and was commissioned to carry it out.

Basic to the idea was the design of a hammer mill in such a way that it becomes possible to take it through the confined spaces below decks. Operators deposit the stripped asbestos directly in the mill which pulverises the fibres very finely whereupon the resulting dust is drawn off into a suction plant and blown to a dockside bagging plant for safe disposal, and in a much smaller volume.

This fully-contained system is in opposition to procedures in which the stripped materials had to be carried, after handling into bags, through the deck spaces before they could be discharged off-ship.

Miracle Mills, Franklin Road, London SE20 8JD, 01-659 2156.

Barked by the German Ministry of Research and Technology and supervised by Julich Nuclear Research Establishment, the idea is to be tried out in Spain before the end of the year. It employs a glass-enclosed area of ground which is dyed black, the warm air from which is funnelled up a chimney in which turbines are installed.

Thermal capacity of the soil compensates to some extent for cloudy/sunny variations during the day and extension of use into the night is also said to be feasible. In addition it is planned to alter the turbine characteristics to regulate output.

Although the concept needs more ground area than the conventional solar systems, the capital cost is relatively low. According to the innovators, generating stations between 100 and 1,000 MW could be built in high sunshine areas at about the same cost as a nuclear station. However, chimneys 900 metres high and 10 km areas would be involved.

More from Deutscher Forschungsdienst, Ahrensstrasse 45, (Wissenschaftszentrum), Postfach 205008, D 5300, Bonn 2.

Data General, 724 London Road, Hounslow, TW3 1DD, 01-572 7455.

Ready made solutions offered

THREE SINGLE-BOARD computer products offering improved design and packaging

RESEARCH

Updraught solar power idea

A NOVEL twist to the solar power concept is afforded by a scheme reported by The German Research Service in which sun-heated warm air rising up a chimney is used to drive turbines and generate electricity.

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BASE LENDING RATES

A.B.N. Bank	16	%	■ Hambros Bank	18	%
Allied Irish Bank	16	%	■ Hill Samuel	18	%
American Express Bk.	16	%	■ C. Hoare & Co.	116	%
Anro Bank	16	%	■ Hongkong & Shanghai	18	%
Henry Ansbacher	16	%	■ Industrial Bk. of Scot.	174	%
A P Bank Ltd.	16	%	■ Keyser Ullmann	16	%
■ Arbuthnot Latham	16	%	■ Knowsley & Co. Ltd.	18	%
Associates Cap. Corp.	16	%	■ Langris Trust Ltd.	16	%
Banco de Bilbao	16	%	■ Lloyds Bank	26	%
Bank of Credit & Cmce.	16	%	■ Edward Hanson & Co.	16	%
Bank of Cyprus	16	%	■ Midland Bank	16	%
Bank of N.S. Africa	16	%	■ Samuel Montagu	16	%
Banque Belge Ltd.	16	%	■ Morgan Grenfell	16	%
Banque du Rhone et de la Tamise S.A.	164	%	■ National Westminster	16	%
Barclays Bank	16	%	■ Norwich General Trust	16	%
Brennar Holdings Ltd.	17	%	■ P. S. Rerson & Co.	18	%
Brit. Bank of Mid. East	16	%	■ Rossminster	16	%
■ Brown Shipley	16	%	■ Ryl. Bk. Canada (Ldn.)	16	%
Canada Permt Trust	17	%	■ Schlesinger Limited	16	%
Cayzer Ltd.	16	%	■ E. S. Schwab	16	%
■ Cedar Holdings	16	%	■ Security Trust Co. Ltd.	17	%
■ Charles & Son Japhet	16	%	■ Standard Chartered	16	%
Choulaourts	16	%	■ Trade Dev. Bank	16	%
C. E. Coates	17	%	■ Trustee Savings Bank	16	%
Consolidated Credits	17	%	■ Twentieth Century Bk.	16	%
Co-operative Bank	116	%	■ United Bank of Kuwait	16	%
Corinthian Secs.	16	%	■ Whiteaway Laidlaw	164	%
The Cyprus Popular Bk.	18	%	■ William & Glyn's	16	%
Duncan Lawrie	16	%	■ Wintrust Secs. Ltd.	16	%
Eagel Trust	16	%	■ Yorkshire Bank	16	%
E. T. Trust Limited	17	%			
First Nat. Fins. Corp.	194	%	■ Members of the Accepting Houses Committee.		
First Nat. Secs. Ltd.	16	%	■ 7-day deposits 94%, 1-month deposits 164%.		
Robert Asse	16	%	† 7-day deposits on sums of £10,000 and under up to 225,000 14%, and over 225,000 144%.		
Anthony Gibbs	16	%	† Call deposits over £10,000 144%.		
Greyhound Guaranty	16	%	■ Demand deposits 144%.		
Grindlays Bank	116	%			
■ Guinness Mahon	16	%			

Adjusting to the oil price

BY NICHOLAS COLCHESTER

Americans are prodigal in their use of energy. The Brandt Commission pointed out that one American uses as much energy as two Germans, 16 Chinese, 53 Indians or 1,072 Nepalese. With those monstrous cars and those houses shimmering in the haze of their own wasted heat, one can understand how.

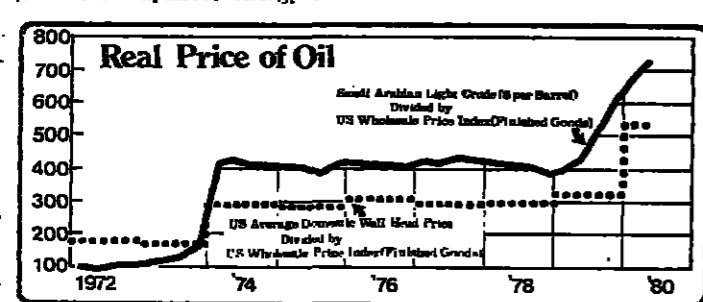
In a perverse way this is fortunate. No one can cut his consumption with less pain than the prodigal. This is not to suggest that Americans should return to a Japanese way of life. It is the comparison with Germany and Japan which is encouraging. Put crudely, it implies that the U.S. could halve its per capita energy use while still enjoying the same standard of living.

There is no rival to the price mechanism to achieve this magical reduction. The chart shows how the U.S. only began to face up to the reality of the new world oil price relatively recently. But statistics of other industrial countries, which faced the music earlier, make encouraging reading.

Fuji Bank recently produced a survey showing how Japan had adjusted. It is true that normal mortals cannot hope to rival the Japanese when it comes to regimented adaptations. But on the other hand, the Japanese economy was certainly not awash with cheap energy when its transformation started.

Big savings

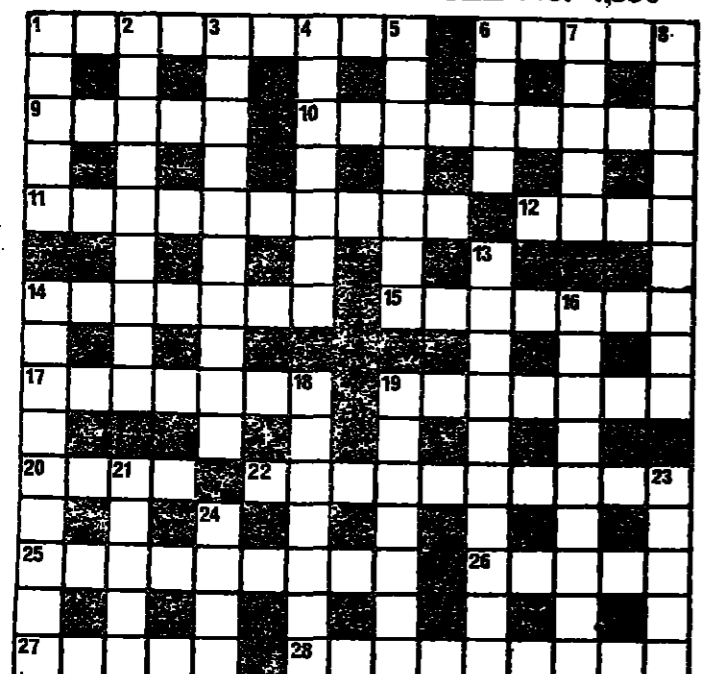
Between 1968 and 1973 the Japanese gross national product grew at an average of nine per cent per year. Energy consumption grew at a rate of 11 per cent. Then came the first oil "shock". In the years from 1973 to 1978 average growth was halved but the rate of growth of Japanese energy con-



TV/Radio

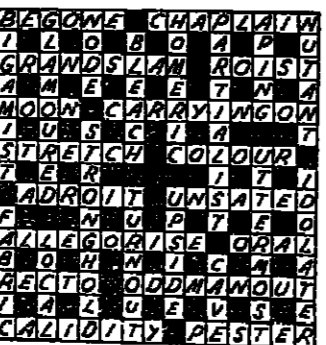
BBC 1
+ Indicates programme in black and white
6.40-7.55 am Open University (ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory. 10.10 Jigsaw. 10.35 Why Don't You? 1.30 pm Mister Men. 1.45 News. 2.00 Les Girls, starring Gene Kelly, Kay Kendall and Mitzi Gaynor. 3.30 Olympic Grandstand. 5.40 News.

F.T. CROSSWORD PUZZLE No. 4336



- ACROSS**
- Garden to cultivate for an incongruous mixture (9)
 - A rigid body (5)
 - Maturing a drink by gravity (5)
 - Change my logo yet it may produce an original sort (9)
 - Follows feast and anything very untidy (4, 6)
 - Fabric covered with grass (4)
 - Injured mother got older (7)
 - Viking pirate and fish (3-4)
 - Where a customer must fork out and suffer in front of lectors (3-4)
 - Require too much of undigested article and unknown quantity (7)
 - Cruel person makes partial progress (4)
 - Vegetarian food for immature South African boy (5, 5)
 - Seraphic plant producing candid stalks with learner (9)
 - Repugnant untruth in article (5)
 - Give out and give in (5)
 - Hindrance from mischief maker joining start of excursion trip (9)
- DOWN**
- Paid about a pound for Highland dress (5)
 - Watery and sticky what-of-you-call-it (9)
 - What students strive for—hot weather? (4, 6)
 - Nymph of the great sea I had to follow (7)
 - Without an opener and tone-deaf (7)
 - But, moving very rapidly to decelerate (6, 3)
 - Construct a cover for spectators and score a lot of runs with one's partner (4, 1, 5)
 - Tact that needs certificate on extremes of courtesy (9)
 - Month I left feline in unit with forty-eight ducks (9)
 - A ricksha with no pole, modified for a city in Pakistan (7)
 - Reach across the edge for too much drink (7)
 - Cheat a rascal or a sports (5)
 - Close a pit to the south-east (5)
 - Lump of earth left in fish (4)

Solution to Puzzle No. 4335



"THE ONLY merit of many arbitration clauses in vogue, if one is cynical about them, is the fact that they provide a great incentive for settlement... However, the parties often only come to realise this after they have exhausted themselves over a period of years in expense and frustration," wrote Mr. Justice Kerr recently.

He illustrated the tribulations of parties engaged in international arbitration by recounting the history of a case which, after 15 years, is still before an arbitration tribunal controlled by the Paris-based International Chamber of Commerce (ICC), now the leading institution in this field.

The dispute is between a German company and the UK subsidiary of a U.S. company. It concerns a large plant built in Germany. The arbitration clause provided that the ICC should appoint an umpire, and that the arbitration should take place in Zurich.

The first series of difficulties was about the appointment of the tribunal. The German company appointed an English QC, the UK company a Canadian QC as their arbitrators. After a year the Canadian QC resigned, and was replaced by a retired New York Judge after a delay of many months. The delay was due to objections raised by the German company against the inconvenience of a

second transatlantic appointment, and the resulting dispute within a dispute had to be settled by the ICC. Instead of selecting someone from Zurich where the arbitration was to be held, the ICC left the decision to its Danish National Association, which appointed as umpire a Danish Supreme Court judge. The difficulties and expenses of getting the London QC, the New York judge, and the Copenhagen judge together are obvious.

As none of the members of the tribunal had any connection with Zurich, where the arbitration was to be held, the first hearings were convened to Copenhagen. After some time they agreed on directions for the disclosure of evidence according to English procedure and practice, but the parties were shocked when they found out what a staggering volume of documents was required from them. To avoid this, one side decided to take advantage of the agreement that Zurich should be the place of arbitration, and invoked the procedural provisions of the Zurich code.

By this time the UK company was represented by a New York firm taking advice on English law in London, and the German company by a German-speaking London solicitor and a German law firm. None of these knew much

about Zurich procedure, so Zurich lawyers had to be brought in, and the hearings then continued in Zurich.

From that time the rule that the more lawyers are involved the less certain is the law started to play havoc with the case. It had been agreed in Copenhagen that the tribunal should have no power to appoint its own technical experts, and that experts should be called by both parties and cross-examined, as in England.

This would have resulted in continuous hearings over many months, and while the tribunal was apparently ready to face this ordeal in Copenhagen, which is a pleasant city and the home of the umpire, they were not ready to face the same in the rather austere city of Zurich where they were all strangers.

They were glad to be advised that under Zurich law an arbitration tribunal cannot renounce its right to appoint a technical expert, and they, therefore, switched from the English to the Continental procedure—much to the English lawyers' dislike to which inquisitorial

As might be expected, the Danish umpire then resigned and ICC replaced him with a professor of law, not from Zurich but from Basle, probably because the Basle procedure is different from that of Zurich, and the case was not yet complicated enough.

The new tribunal appointed a Swedish technical expert, but one of the parties challenged his appointment all the way to the Swiss Federal Court. Ultimately, the appointment was

by the Swiss Federal Court, and in 1979, the tribunal made its award.

But... that was not the end of the story. While proceedings for the enforcement of the award were pending in the UK, a Zurich court set the award aside on the grounds that, after all, an independent expert should not have been appointed by the tribunal. We will probably have to wait a few more years before we hear the end of the story.

In addition to the difficulties which can be caused by ICC administrative control and its requirement that arbitrators must be approved and their awards scrutinised by the ICC Court of Arbitration, there are also fees to be paid based on the amount in dispute but subject to a discretion so that they come out either too high or too low, and are unpredictable. The ICC also requires the parties and the tribunal to agree in advance on the procedure of reference covering the issues and the procedure of arbitration, and such agreement may take months to reach.

It is clear that there is a need for an alternative facility. London was ruled out as long as parties could not contract out of appeals to the Commercial Court. The 1979 Arbitration Act made this possible for the sort of arbitration now often supervised by the ICC, but Lon-

don needs an institution able to appoint suitable arbitrators and umpires on request and provide premises and other ancillary services.

Mr. Justice Kerr believes that such an organisation should not seek to control arbitrations. It should leave the procedure at the sole discretion of the tribunals, which need not necessarily comply with English rules. The emphasis should be on the quality of the arbitrators, and these should have a free hand to conduct each arbitration as they think best. It is good to hear from a High Court judge and Chairman of the Law Commission that "in long and complex cases the Continental inquisitorial procedure is often more effective than our adversary system."

Mr. Justice Kerr also said: "Our arbitrators will have to learn to be more imaginative than merely to follow the mirror-image of the procedure in our courts." It is a sad fact that by imitating court procedure and by seeking precedents instead of acting by their business acumen, London arbitrators very often take longer than would judges, and are more costly. The judge calls for a new organisation and a change of heart. The first may be necessary—the second, definitely is.

The Journal of Business Law 1980 pp 164-180.

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

This would have resulted in continuous hearings over many months, and while the tribunal was apparently ready to face this ordeal in Copenhagen, which is a pleasant city and the home of the umpire, they were not ready to face the same in the rather austere city of Zurich where they were all strangers.

upheld on a provisional basis without prejudice to the validity of the award—a decision which ultimately put in jeopardy efforts which lasted a full 14 years. However, there were other immediate consequences. The English arbitrator had had enough and after some delay was replaced by a Zurich lawyer.

For some time hearings proceeded until one of the parties asked the Swiss courts to remove the umpire (the Basle professor appointed by ICC) on the grounds of bias and misconduct. This application was ultimately dismissed

Le Moss looks a cup winner

BY DOMINIC WIGAN

LE MOSS today attempts to add to his remarkable tally of successes and an already impressive record in the Goodwood Cup.

Last season the Warren Place five-year-old notched up a hat-trick of cup races—Royal Ascot, Goodwood and Doncaster—the first time it had been achieved in 25 years.

And in doing so, he made

ing a relentless gallop in any conditions. Le Moss proved in his only race this year, the Ascot Gold Cup, that he remains the one to beat in the top stamina tests.

He should win at the expense of Ardross, who seemed to be coming to the end of his tether near to home in the Ascot Gold Cup.

Though Ardross is 2 lbs better off, he has a furlong extra to travel here. Half-an-hour after the day's feature race the other principal prize-winner of the Ascot meeting, African Song, is due to go through his paces in the King George Stakes.

This consistent sprinter decisively won the £40,000 added King Stand Stakes. Fast away in the hands of Pat Eddery, the champion purchased bay blazed a trail up the centre of the course.

Although his time of 62.34

seconds was not an impressive one, he put Runnett, Abdu, Queen Of Cornwall and Sumarra firmly in their places.

With Abdu and Queen Of Cornwall absent from today's race, African Song again seems likely to come out on top.

Following To-Agori-Mou's scintillating victory in the opener at Goodwood yesterday, it is difficult to look beyond the Queen's Church Parade in the Lansop Champagne Stakes.

Church Parade, a Queen's Hussar bay out of Highclere's half sister, Christchurch, opened his account at the first time of asking. He could be a top-class two-year-old.

GOODWOOD

2.00—Count Rostov**
2.35—Church Parade**
3.05—Heresas
3.45—Le Moss*
4.15—African Song
4.45—Grand Conde

West. 10.25 HTV News. 10.35 Cinema Club.

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by ANTONY THORNCROFT

In fact, the absence of the sneering quality with which Dylan used to spit out his

Emotional Rescue (CUN 39111) is one of their best for years. It is a pastiche, but of the finest. You can easily imagine millions falling on the dance floors throughout the world on the first bars of songs like "Let me go": the Rolling Stones are the Victor Sylvester of rock, but exciting, as well as dependably strictly rhythmic.



Keith Richards a



and Mick Jagger

It may be very American, and the melodies rarely stray far from the same melancholic strain, but after eavesdropping on his most recent traumas it is hard not to feel toned up. Undoubtedly an album that will take a grip on you—like a leech.



by KEVIN HENRIQUES

there was little doubt the Duke Ellington orchestra, led by his son Mercer, was a major disappointment. Though Mercer has the huge paternal repertoire to draw from, the sets at Nice were unimaginative and unenterprising. Unlike his father's,

phenoxaest Scott Hamilton and clearly all enjoyed the experience. On another occasion Konitz joined Algiers-born Martial Solal, arguably Europe's most original pianist, in a stunning "What's New." Another day saw Solal and

Next year the Parade is likely to be longer in duration with, perhaps, a couple of rest days. In seven years it has become the major summer jazz event in Europe, creating a totally relaxed, unmatched ambience of its own.

	Earnings*	Basic matic.	Whse. mng'g.	RPI*	FT* Foods*	comdty.	Strlg.
1979	144.3	153.4	161.6	208.9	218.8	268.86	64.0
1978	147.3	163.3	183.0	216.5	225.2	293.55	67.4
1977	154.2	189.9	178.4	231.1	231.9	301.66	71.0
1976	161.7	182.9	181.3	237.6	237.2	296.13	68.8
1975	165.1	187.5	183.5	139.4	239.9	295.13	69.7
1974	167.7	197.6	183.4	148.8	247.5	284.74	72.4
1973	183.9	195.5	188.7	245.3	244.8	308.69	73.4
1972	197.6	197.6	91.5	248.8	246.7	304.27	71.2
1971	172.3	206.4	194.3	352.2	251.1	284.47	72.6
1970	175.9	202.4	197.0	260.8	254.1	275.67	72.6
1969	177.9	200.5	199.1	263.2	265.7	268.23	74.3
1968	201.3	201.3	201.0	265.7	265.9	267.45	74.4

B. A. YOUNG

Rick Cluche's San Quentin Drama Workshop now has a world-wide reputation, stemming from Cluche's discovery of Beckett while serving a life sentence. As Krapp, trapped with his memories and movingly summoning a cluster of mixed emotions on a diet of bananas and booze, he has the turn his autistic dignity. But it is a needlessly pained and po-faced rendition, leaving us to ponder the private world of Beckett's speech patterns ("Vicar, vicious, viduity" echoes the "Curate, cretin, critic" of the tramps in *Godot*) at the expense of asserting, against all the odds, a vibrant personality.

MICHAEL COVENEY

As a follow-up to his full-length punk sit-com, *The Tax Erile*, Jonathan Gem's lunch-time play is a slight disappointment. But, as a forthright and entertaining glimpse of the gentle disillusion among today's dope-dealing, record-pressing young generation the show is a treat.

The film-maker Derek Jarman, assisted by Steven Meah, has designed a loosely evocative stage picture; Bisto Kids on the floor, Skot lager on the back wall. To one side, a prostitute drop-out bawls the state of the world and his own lethargy. His girlfriend moves in on a scene of black macho sex and Jordan (star of Jarman's *Jubilee*) before returning to a gentle relationship in front of a dust-bin in Wales.

Late-night conversation includes an undergraduate set piece about the social structure of an ant-hill. This is the one sign of domestic order among the chaos. Politics and commitment are out. The author delivers the speech and, at the end, leads the cast in a jaunty

song, accompanied on banjo and guitar, in which he declares he wants to be an American. As the play has no structure, a charming classical ballet interlude featuring Jordan (how does she make her eyes so red?) and Keith Hodiak is not too gratuitous. If all these people actually do is sniff cocaine and giggle, at least they are harmless and cheerful. The writing is smart and funny and does introduce a fresh world, like it or not, to the stage. Mr. Gems remains a playwright to encourage. **MICHAEL COVENEY**

GROUP RESULTS	1980	1979
	£000	£000
External sales	334,711	278,053
Profit before tax	20,530	17,815
Tax	5,840	5,910
Dividends	2,838	2,265
Earnings per share	19.93p	16.15p

"We have a wide spread of production and trading interests and a particularly extensive involvement in energy, backed up by solid resources in management, technology and finance. These provide firm grounds on which to express confidence that we have the necessary resilience to maintain the profitable growth of the Group despite whatever short-term problems may be encountered."

C. E. Needham, Chairman

INDEPENDENT REPORT IMPRESSED BY VENTURE'S PROSPECTS

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Thursday July 31 1980

A hard choice for the U.S.

LONG BEFORE the "Billygate" affair hit the headlines, many Americans were deeply perturbed about the nature of the choice they are likely to face in November. There can be little doubt that a large number of voters do not want to see either Mr. Jimmy Carter or Mr. Ronald Reagan in the White House for the next four-year Presidential term. That is one reason why Mr. John Anderson is doing so consistently well in the public opinion polls—despite the odds traditionally stacked against a third candidate and despite doubts about Mr. Anderson's own qualifications for the job. It is also a major factor behind the "Dump Carter" campaign that is now getting under way in Washington.

Peccadilloes

If Mr. Carter had been a more effective and popular President, the peccadilloes of his brother would be less likely to be held against him. They might indeed attract sympathy rather than concern—most people have family problems. It could also be argued that by using Billy as an intermediary to approach Libya over the diplomatic hostages in Iran, the President was doing no more than his duty to leave no stone unturned in the search for a solution. As it is, however, Mr. Carter's handling of the issue, while almost certainly honest and sincere, is beginning to look like another example of the bad judgement and failed management that the Republicans are seeking to make a major campaign issue. Instead of using the period between the Republican and Democratic Conventions to come out and attack Mr. Reagan, the President has been forced onto the defensive on the Republicans' chosen ground, the question of his personal competence.

"This does not mean that the 'Dump Carter' movement will have its way when the Democrats convene in New York in 10 days' time. There are major technical problems in changing the Convention rules so as to prevent Mr. Carter cashing in his committed delegates and winning on the first ballot. There is a political problem in that any move to open up the Convention could work in favour of Senator Ted Kennedy, who is just as unpopular with the 'Dump Carter' movement as Mr. Carter is. There is the problem of finding a suitable alternative candidate prepared to come forward, and there is the need to avoid an appearance of Democratic disarray so

soon after the remarkable Republican unity that was forged in Detroit. On the other hand, disaffection is now such that it will be difficult for many Democrats to campaign for another term for Mr. Carter with genuine conviction.

Of course, many things can happen between now and November. One way or the other, could exert a major influence. Mr. Carter still has the advantage of incumbency and his own not inconsiderable skills as a political campaigner. But there is no doubt that the Republicans, following last month's Convention, now really believe that they have a winner in Mr. Reagan, and they have a two-to-one lead in some opinion polls to back up that instinctive impression. Mr. Reagan's failure to entice former President Gerald Ford on to the ticket is a survivable misfortune. Mr. Reagan now leads a united party; the Republican moderates have been offered, and have accepted, a number of olive branches; in an increasingly conservative America, Mr. Reagan has the scent of victory in his nostrils.

The Democrats are waiting for Mr. Reagan to find a banana skin to slip on. So far he has avoided trouble fairly smoothly. That may become more difficult if he is forced to go into greater detail on economic and political issues as the campaign unfolds. But if the Republicans can succeed in making Mr. Carter's competence, or lack of it, a major campaign issue, they will have a wide target to aim at. Quite apart from the President's perceived personal failings, he has little to point to in either his foreign policy or his domestic economic record in recent months. The Republicans may not necessarily have the answers, in a world which the U.S. is less and less in control of its own destiny. But they have produced some pretty powerful critiques of where the Democrats have gone wrong.

Bewilderment

In Europe, there is great bewilderment that the Americans should be landing themselves with a choice between two such mediocre figures. Many Europeans are both worried by Mr. Carter and frightened by Mr. Reagan. Transatlantic relations, which have deteriorated under Mr. Carter, could be even further strained under Mr. Reagan. Seen from this side of the Atlantic, one of the first priorities for whoever comes out on top in November should be to start repairing some of the damage.

Fighting the old myths

THE LABOUR PARTY'S latest plan to abolish private schooling in the UK threatens to frustrate the recent productive development of the debate about education, by reviving the more emotive but futile opposition of two ancient rituals. The first of these is Labour's anathematising of the ability of families to send, by dint of their private wealth, children to schools which are not open to each and any of the country's children. The ostensible cause of the anathema is another ritual: the use of exclusive schooling by families in high social positions to hand on their privileges to their offspring.

This power-retaining rite doubtless still primarily explains why some families continue to send their children to fee-charging schools. Their zeal for thus maintaining hereditary privilege may to some extent explain the "educational apartheid" which the Labour Party says "has unquestionably contributed to Britain's industrial relations malaise and its poor economic performance."

Sacrifice

But it is very unlikely that such determinedly "elitist" families are numerous enough to make their foisting worth a further sacrifice of the democratic right of individuals to spend their money as they choose. By themselves these families cannot possibly account for the fact that, in spite of the swinging increases in private-school fees over recent years, the independent sector is preferred by the parents of one in every 16 of the country's school-age population.

The reason why so many families pay money on top of their taxes for independent schooling, so giving the private sector a significance in education not enjoyed by its counterparts in other countries, is not the arrogance of Labour's "ruling elite whose wealth gives them power and whose power gives them wealth." The cause of the continued importance of the fee-charging schools is simply that significantly large numbers of parents are dissatisfied with the

quality of education available to them in the State-maintained sector.

Within the past few months, the roots of the dissatisfaction have at last been given official recognition by reports emanating from the civil servants at the Department of Education and Science and the independent State schools inspectorate. Of these fundamental problems, two have been taken up by ministers of the present Government. One is the lack of a coherent framework of basic studies to be taught by all state schools. The other is that the main national examinations—those at 16-plus—guarantee children a paper certificate virtually regardless of their educational attainment, which effectively frees teachers from pressure to push pupils to benefit from their minimum of 11 years of compulsory schooling.

Standards

Given success in remedying these two problems, the country would be at least partly-way to overcome a more intractable and debilitating difficulty. It is that of making the State's schoolteachers accountable for the standards of their work to the local education authorities which are their direct employers; and thereby through the elected representatives representatives in local and central government to the taxpayers who finance State education. It is the fact that private-schools are better able to insist on high standards of teaching that accounts for an important part of their ability to attract fee-payers.

It is hard to see how these problems could be overcome by the Labour Party's advocated policy of either threatening or forcing independent schools to merge with the State system, or compelling them to close by curtailing their sources of income. And it is certain that these root causes of widespread dissatisfaction will not be eradicated if Labour insists on distracting public attention by resuscitating its ritualistic campaign against a "class enemy" whose existence no longer has any real importance

BRITAIN NOW has its own declared entry in the international microchip stakes. After months of vacillation, the Government has finally decided to give a second £25m in state backing to Inmos, the company set up by the National Enterprise Board less than three years ago to manufacture advanced microelectronic components.

The money will be spent chiefly on building and equipping a factory in South Wales. The plant, due to come on stream in 1982, will operate in parallel with another Inmos facility at Colorado Springs, in the U.S., where commercial production is due to start later this year. A second UK plant is also planned to be in operation by 1985.

The Government's decision has been hanging fire since late last year, partly because of disagreements about where the factory should be sited. The three Inmos founders wanted it built in Bristol, but a majority of Ministers favoured a Development Area. The Government was also hesitant about authorising State intervention on such a large scale, particularly in support of a project that had been initiated by its Labour predecessor.

In spite of the renewal of British Government support, Inmos faces tough competition. Established microelectronics manufacturers, particularly in America, have been openly scathing about the project's commercial prospects. They have suggested that it is simply too late in the day for a new company with untried products to enter the race.

The Government's decision to ignore the sceptics is based heavily on the encouraging findings of an independent review of Inmos commissioned by the NEB. This concluded that the project's technology was genuinely innovative and that it had made "excellent" progress in developing its first products.

The review also laid to rest earlier fears that the market for the type of product which Inmos plans to make could become glutted over the next year or two. On the contrary, it

forecast that supplies could well be tight. This was because other manufacturers were having difficulty producing similar components in satisfactory quantities.

This projection, if confirmed in practice, could be crucial to the project's success. The laws of supply and demand in the market for large-volume "standard" chips of the type which Inmos will manufacture operate mercilessly. Timing is at least as important as product design in sorting out the winners and losers in the micro-electronics world.

A manufacturer which starts selling a new and popular product ahead of the competition can reap vast profits while it has the field to itself. Once other suppliers join in, prices start to fall. Those which were in at the start can survive because they will have recouped their initial investment early on, while prices were firm. But the latecomer stands little chance of making a profit after the market has softened.

Inmos believes such complexity is not needed

electronics has been undertaken. efficiency of production using the present industry "work horse," the Perkin Elmer projection printer, is at its peak. This technology, he says, has been pushed to its limit. A Perkin Elmer projection printer costs about £150,000. A major chip manufacturer such as the highly successful Intel Corporation might have 100 of them, an investment of, say, £15m.

Companies like Intel cannot simply write this investment off and move to the newer direct step on wafer technology, Mr. Gnadinger argues. In the newer technique the chip patterns are printed one by

one on the wafer rather than in batches of 300 simultaneously. This gives considerably better resolution. Up to 12 patterns can be printed one on top of another to create a microchip, and the alignment of one pattern on the next must not vary by more than a millionth of a metre or so.

Wafer steppers are built by the U.S. companies GCA and Electromask and cost \$500,000 each. They have a throughput of 30 wafers each bearing 300 microchip patterns an hour, compared to the 80-100 wafers an hour for the Perkin Elmer machine.

Inmos has ordered between 15 and 30 wafer steppers. GCA has some 80 machines out in the field and another 200 on order.

Plasma etching is a considerable advance over current techniques of immersing the wafers in liquid etching fluids. It means placing the wafers in an electric field in an atmosphere of gaseous etchant, so producing etching of much higher resolution. Plasma etchers cost about \$100,000 each and eight are needed, two for each of the substances which have to be etched—aluminium, polysilicate, silicon oxide and silicon nitride.

Mr. Gnadinger claims that no company in the world is yet

using plasma etching in a full manufacturing process. Ion implantation is a much more mature technology which makes it possible to implant directly chemicals such as arsenic, phosphorus and boron into the surface of the chip, where accuracy to within a few atoms may be required.

Ion implantation equipment costs \$500,000-\$600,000 and two machines are needed for each chemical to be implanted. Inmos does not claim that it is unique in using these techniques—indeed chip manufacturers are very much in the hands of the tool makers for each new generation of chip making gear—but it does claim to be the first to use all three for the mass manufacture of chips.

Mr. Peter van Cuylenburg of Texas Instruments, the biggest wholesaler of microchips, agrees that all manufacturers are using the three techniques for specialised parts of the manufacturing process. At TI, however, their energies for the future are concentrated on electron beam lithography, a technique which uses a beam of high energy electrons to "write" directly on the silicon surface. With this technique, Mr. van Cuylenburg argues, it would be possible to write im

individual memory cells on a chip by the mid-1990s. Electron beam writing is slow compared to photolithography but Mr. van Cuylenburg argues that future markets will see a demand for a smaller number of much more complex chips.

The electron beam machine, costing in the region of \$1.5m, runs under computer control and could write 300 different chips on the surface of a single wafer.

The key plank in the Inmos strategy is that such complexity is not needed. Mr. Ian Barron, Inmos director of strategy, coined the neologism "transputer" two years ago to describe a whole computer on a chip. He argues that such a chip, which need be only a fifteenth as complex as the 1m memory cell chip TI is aiming at, produced in quantity could satisfy 90 per cent of the world's need for intelligent microelectronics.

What virtually all the arguments over the future of Inmos have ignored is that microelectronic circuits—memories or processors—are very hard to connect to the real world: your heating system for example. They also need to be "programmed," to be told what to do in a language they can follow, which means a heavy investment in people skilled in

communicating with these devices. Mr. Barron aims to make microcircuits that are easy to attach to other components and easy to program.

At Inmos headquarters in Bristol (where the lights are covered with fourves in the shape of silicon wafers) a team acknowledged to be among the best in the world is hacking the tops off other companies' chips to see how they work.

Mr. Barron, never one for being mealy-mouthed, has been heard to say that all the devices he has examined are crude. Memories are being designed and manufactured in the U.S., processors in this country. The company has already produced its first product, a memory (called a 16K static RAM) which could find a ready market in the computer industry. It is believed to have a number of novel features. Samples will be available early next year.

The jokers in the chip manufacturing pack are IBM, the dominant computer manufacturer, AT&T (Bell Labs) and Hewlett Packard. IBM is the world's biggest manufacturer of memories and microprocessors and uses its entire consumption internally. Such companies are not constrained by their investment in existing plant.

... and what it will produce

BY ALAN CANE

THE POLITICAL future about funding for Inmos has obscured the more fundamental question of what it intends to make, and how acceptable its products will be in the market place.

It is going, of course, to manufacture electronic memories and data processing "chips," but there are already some 40 or so well established companies in the field. What does Inmos intend to offer that will be different—and profitable?

Its business strategy is based on two premises: that it can make chips of a better design than other manufacturers and that it can exploit the most recent advances in chip manufacturing technology.

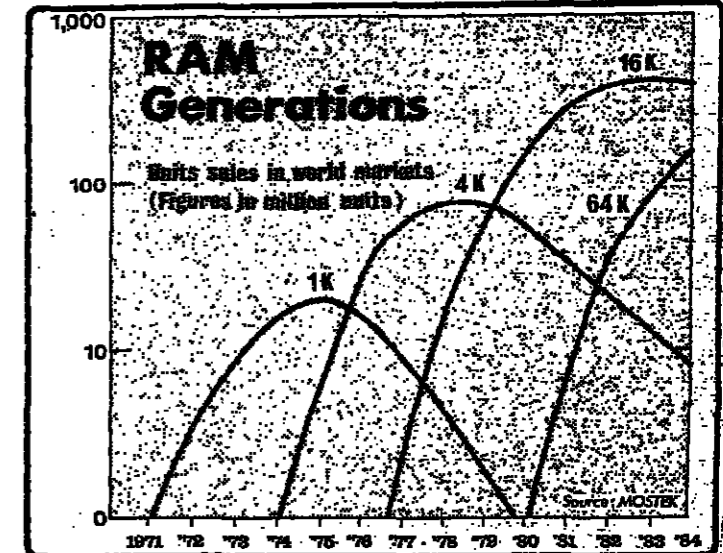
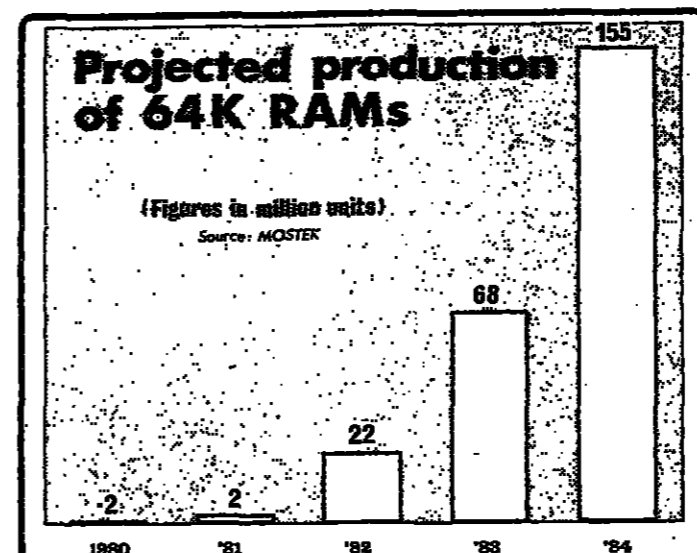
It is a salutary fact that although microelectronic technology is such a recent innovation, the equipment used to make the present generation of chips is now in its maturity—and is heading for obsolescence. Inmos hopes to leapfrog this whole generation of chip-making and go straight to three state-of-the-art techniques: direct step on wafer photolithography, plasma etching and full ion implantation.

These are complex names for essentially simple processes. Microchips start their life as a thin circular plate (wafer) of very pure silicon—two, three or four inches across. The patterns of the electronic circuits required are then printed on the surface of the silicon using

a high resolution photographic technique, usually 300 identical patterns at a time on the silicon surface.

The chemicals which give the chip its particular electronic characteristics are then etched or diffused into the surface in a very specific pattern.

According to Mr. Fred Gnadinger, vice-president of technology at Inmos and a former researcher at Bell Laboratories where much of the fundamental work in micro-



MEN AND MATTERS

O'Reilly adds new variety

Given that he is welcome on virtually every speaker's platform in the commercial world, has one of the United States' biggest public relations outfits behind him, and a reputation which gives him instant access to the ears of the mighty, Tony O'Reilly has chosen an intriguing medium through which to promulgate the latest chapter of his gospel.

Under the patient eye of his professors at Bradford University, the Irish president of the Heinz group has laboured nine years to produce a 500-page thesis, *The Marketing of Agricultural Produce*, with which he adds a PhD (Marketing) to the three law doctorates already on his curriculum vitae.

His name—almost as much a cliché in the language of success as the "golden boy" title earned in his international rugby days—has long been associated strictly with business affairs. In his thesis, however, I detect a calculated venture into the world of politics. He has in the past been touted as a prospective Common Market Commissioner, and hints have been recorded from the horse's mouth about ambitions for "public service," ambassadorship, or control of some "public body."

While, as he told me from Ireland yesterday, "the politics in the paper are secondary to the arithmetic," his thesis includes a substantial and chastening critique of the politics and practices of national food marketing agencies and their big brother in Brussels, the Common Agricultural Policy.

"Most marketing boards," he accused, "are not interested in marketing, but in intervention, protection and stabilisation. And in many respects they operate against the best interests of those they claim to support." In Europe, through the agency of the CAP, the suffering was shared by consumers, taxpayers and farmers.

"People who get exploited eventually blow the whistle," he warned.

His Bradford professor, Peter Doyle, waxed fulsome: "A path-breaking work," he enthused, "essential reading for academicians and politicians involved in agriculture and economic development." A far cry from the comments one might expect of what O'Reilly modestly calls "an exercise in curiosity."

Undertaken because "I wanted to subject my beliefs to pretty vigorous analysis," he may well, as he told me, be "very happy selling baked beans and pickles for the foreseeable future." But I am left pondering over the considerable personal effort and time he has invested in spreading word of what, to him, must be a relatively modest academic achievement.

O'Reilly's grating voice from Bradford "is a nuisance. He's been on the phone driving us potty, hounding us to make sure we do the publicity properly."

Silly seisin

"Ho, catiff! Where is the seisin of the Witengemot?" A reasonable question, you might think, and one which no doubt sprang occasionally to the lips of visitors to 10th-century Britain. But now that the Anglo-Saxon parliament is a thousand years or so behind us, "seisin" is more commonly called "freehold property," and many terms at least as picturesque as "catiff" are available for describing base and despicable persons, these words hang poised above the dustbin of oblivion.

For today sees publication of the feebly up-to-date fifth edition of that classroom favourite, the Little Oxford Dictionary. In come the breeder reactors, the male chauvinists, and the martial arts, together with other words which, says the OUP, reflect "the horrors of modern life"—though ACAS and the thing-tank are unlikely to welcome their grouping under such a head.

Out go the catiffs, the



"Apparently we've been stung for about £700m!"

But he now appears to have reached rough parity with the governor of the West German Bundesbank, and earns about twice as much as his counterparts at the Bank of Italy, the Bank of Canada and the Washington Federal Reserve.

Family affair

While the City's Kremlinologists assess the strategic significance of yesterday's reshuffle at Tate and Lyle, it is already plain that the upheaval is one more step in the emancipation of group executive roles from the families whose name the company bears. A solitary Tate, David, now remains on the executive side, looking after agribus.

In a sense Saxon's move continues the reassignment of family names which began in 1978 with the arrival of new chairman, Lord Jellicoe. Sir Ian Lyle retired from the presidency, John Lyle moved up stairs to fill that post, and vice-chairman Francis Tate left the company. Saxon Tate increased his executive powers with promotion to group managing director.

The new group managing director, Neil Shaw, has been brought in from the outskirts of the empire. He was previously chairman of Canada's Redpath Industries, half-owned by Tate and Lyle, and where Saxon Tate himself was president and chief executive until 1972.

It is said of Shaw that he is expected to bring a "crisper" management style to the group, while Saxon relinquishes his line management role to become something of a roving ambassador.

Dim view

Overhead in a pub frequented by Whitehall workers: "I don't mind his being brainless... what makes me mad is that he does the same job as me."

Observer

The secret of Tamdhu.

Tamdhu, distilled in the Golden Triangle area of malt distilleries, is a premium Speyside malt whisky which has that freshness that is so reminiscent of the Highlands.

THE HIGHLAND DISTILLERIES COMPANY LTD.



Why I'm still a monetarist

THE WORD "monetarist" is normally to be avoided. In British political debate it has become a term of abuse which has lost all meaning. Even in economic discussion it is a bad label for the doctrines in question. Where possible I have tried recently to substitute "market economics" or the "monetary approach to inflation".

But there is a case for breaking the self-imposed rule (a) because we are at the end of a Parliamentary session in which "monetarism" has been the favourite scapegoat for every clapped-out politician in all parties; (b) because the Royal Economic Society has just held a conference last Thursday on the subject; and (c) because though the label is, it has been difficult to find an exact substitute. But the reader is warned that this is an article about ideas not about what will happen next.

There were two main aspects to monetarist contentions as they emerged in the late 1960s. The first was that the money supply was a dominant influence on what American economists call the "nominal national income". This is the familiar Gross National Product, expressed in money terms and not at constant prices. Put in British language, it was saying that Treasury planners were getting the level of demand wrong because they were concentrating too much on fiscal policy and letting the money supply run away.

The second contention was much more important. This was that "demand management", whether by monetary or fiscal policy or both, in the long run affects only the price level, not the level of employment. Or in the more homely terms of Mr. James Callaghan's never-to-be-forgotten address to the 1976

Labour Party Conference: You cannot spend your way into target levels of employment.

On this view expansionary monetary (or fiscal) policies will lead to, at best, a temporary rise in employment and output above their trend levels. Contractionary policies will lead to only a temporary decline. There is a sustainable (so-called "natural") rate of unemployment.

The Bank of England is profoundly non-monetarist

ment and growth of output which is defined as that consistent with any stable rate of inflation.

This rate may be both unsatisfactory and capable of improvement. But it can be changed only by structural reforms of markets which are working badly. Any attempt to spend ourselves into levels of employment above this sustainable level of unemployment will lead not merely to inflation but to accelerating inflation and a very nasty stabilisation crisis, with more unemployment at the end. Union monopoly power, social resentments, interferences in the labour market, bad housing policies and other forces may well lead to people being priced out of work, and the sustainable level of unemployment may be far too high.

But unless and until the economy or society is reformed the choice is between suffering these evils at a high or a low rate of inflation. In that case we might as well suffer them at a low inflation rate. It is for this reason that, while being critical of many other aspects of government policy, I support its financial strategy—more so than

most members of the Cabinet—and am not surprised, nor influenced by the wholly predictable outcry against it.

Indeed a high rate of inflation tends to be more harmful to employment than a low rate—it is only the transition that may be good for jobs. (This contention, I learned on Thursday, is known as the "superneutrality of money.") Here is a further reason to support a phased reduction in monetary growth.

The first contention about the importance of the money supply as such, despite its obvious interest for financial markets, is fundamentally the less important of the two. Many Keynesian economists now admit that fiscal policy will not work if the money supply is moving the wrong way. On the other hand most monetarists—in Britain if not in the U.S.—are quick to stress that it is extremely difficult to control monetary growth without an appropriate fiscal policy. The monetary versus fiscal argument is for most practical purposes over.

The "monetarist" contention as it stood in the late 1960s and very early 1970s was that, to reduce inflation, there had to be some slack in the labour market, with unemployment above its sustainable rate.

Indeed many American Keynesians have long accepted this framework of argument—news that it is to many British commentators in 1980—and argued mainly about how much slack was required to get inflation down to specified levels and for how long, and whether or not "income policies" could increase the speed and reduce the pain of the transition.

A great deal has happened in the past decade to give a new slant to monetarist doctrines. These have mostly been events

which cast doubt on whether there is even a short-term trade-off between unemployment and inflation, as early monetarists conceded.

In Europe, although not in the U.S., consumers responded to higher inflation by increasing their savings ratios. This was necessary to offset the erosion of financial assets, such as savings deposits and government securities of given money value. The result was a large contractionary offset to any demand stimulus designed to boost output and unemployment.

The next observation was that in medium-sized European economies (but now increasingly so in the U.S. as well) the foreign exchange market short-circuited the domestic labour market. The immediate effect of excessive domestic monetary expansion under a floating rate is a depreciation of the currency. This causes domestic prices to rise much more quickly than would happen through the domestic route of a tighter labour market leading to higher wages.

On this model, which Professor Terry Burns and Dr. Alan Budd at the London Business School were instrumental in developing, the key variable is the world rate of inflation. Excessive monetary and fiscal expansion in the OECD countries, taken together, leads first to an acceleration in the prices of commodities and assets such as houses, and it does so earlier and more sharply than it affects wages. Each individual country will share in or contract out of world inflation according to the behaviour of its exchange rate.

The most general influence on the speed of transmission is expectations. Once people expect a higher Budget deficit or rapid monetary expansion to

lead to more inflation the effect can come through very quickly indeed: the exchange rate and gilt-edged prices are marked down, earnings are stepped up because of pessimism on prices, and so on. Thus most of the stimulus is wasted in higher inflation and there is little gain in output.

Crucial to expectations is the policy regime which is believed to be in operation. On the downside for instance, if wage and price setters believe the monetary guidelines are here to stay, they will adjust much more quickly—both because they become more optimistic about inflation and because they are more fearful of pricing themselves out of the market.

The chart suggests that there is still a shifting short-term trade-off between unemployment and inflation. There is probably asymmetry here which the pure

The choice is between suffering these evils at a high or low rate of inflation

economist would dislike. Expansionary monetary policies feed very quickly into higher inflation. Restrictive policies on the other hand still work in the old-fashioned way, first by causing a recession and then reducing inflation, with output recovering some time later.

But the thing that stands out a mile from the chart is that whatever the short-term trade-off, there has been a long-term increase in the sustainable rate of employment, stressed in earlier articles. This has increased from one cycle to another since the late 1960s throughout the West. The main lesson of the "monetarist"

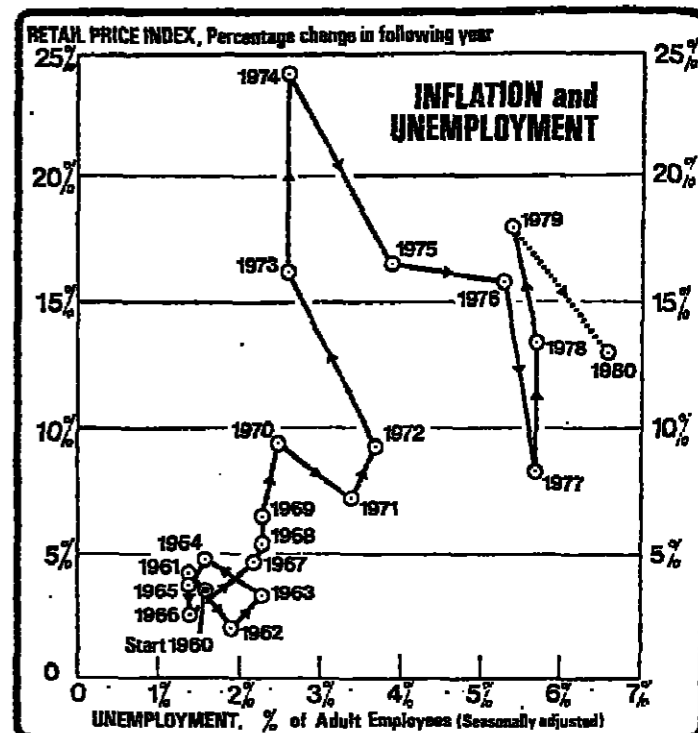
approach is paradoxically to look for causes of this shift right outside the realm of money. Budgets or exchange rates altogether.

Meanwhile, on actual tactics for reducing inflation, it is clear that the original textbook idea of gradualism has to be modified considerably. As the optimists interpreted it the original doctrine meant setting a money supply target just below the current inflation rate (plus normal growth) and adjusting it gradually downwards.

To fast gradualism in setting targets does not always mean gradualism of impact. If the monetary target is initially appropriate to a 10 per cent inflation rate and a "shock" event such as an oil price increase or a shift to VAT "temporarily" lifts the inflation rate to 20 per cent, the real squeeze will be much more severe than originally intended. On the other hand, if the monetary target were adjusted upwards, with each such shock, inflation would move upwards in a ratchet process.

Quite apart from these shocks, real demand moves much more jerkily than the most smoothly calculated monetary and fiscal plan. First there are almost no effects; and then suddenly stocks are run down and there are lay-offs all around. On top of this, the unexpected impact on the exchange rate has made the UK squeeze tighter than the money supply figures suggest.

Thus in practice British policy has been nearer to the Hayek "short, sharp shock" than any one planned. Indeed it is probably a good idea to get the agony over quickly as the German and Americans did in 1974-75, at the cost of a sharper but less prolonged recession.



We are left, however, with an important problem of implementation. Let us suppose as Professor David Laidler has put it that we agreed on a definition of money and a set of declining annual targets. Then as a result of some financial innovation, designed perhaps to avoid the guidelines, we find that the original definitions no longer mean what we originally intended them to mean. We can change the definition or the target growth rate. Laidler concludes "someone somewhere is going to have to be granted discretion" to break with a mechanical rule; and he would give this to central banks. This may be all right for the Bank of England, which—adjusting for varying individual views—is profoundly non-monetarist.

My own instinct would be to go back to the object of the exercise which is not to control the money supply except as an intermediate step, but the flow of money spending or money times velocity, MV. This is measured by the nominal national product and there is much to be said for the suggestion of middle-of-the-roads such as Professors Jobin and

Meade—for making this the target.

One main snag is operational. The nominal national product is several degrees further removed from the control of the authorities than the money supply itself. Moreover the figures appear every quarter with a delay of nearly another quarter and are then subject to much revision.

So we are left with the Financial Statement formula which gives a declining range of monetary targets up to 1983-84, with a footnote about the possible need to adjust definitions. But in making the adjustment it will still help to remember that the object of the exercise is to stabilise the flow of MV or total spending.

Having done that we must improve the workings of the labour market, housing and other malfunctioning markets, so that a moderate stable flow of money demand leads to more jobs at slightly less pay rather than fewer jobs paying somewhat more. If you think this is an uncontroversial conclusion, you might compare it with the arguments in Tuesday's Censure Debate.

Samuel Brittan

Letters to the Editor

The City's influence

From Mr. P. Frazer
Sir—Colin Amery (July 28) highlights the failure of the City to come up with imaginative designs for sites within its boundaries. But the City could also do a lot more than it does to enhance the standard of architecture throughout the country.

One of the recurring questions recently has been the extent to which investing institutions should involve themselves in the management of British industry—they could make a start by doing more to promote good British architecture.

Since the involvement of a financial institution is often vital to a development and its developments are usually individually financed, the institutional investor has a far greater degree of influence than is ever likely to achieve over affairs of an industrial company.

It is not really surprising that average modern shop or office development should be so pressingly boring. When developers intend to let or sell their buildings they will naturally tend to choose a safe style which will be generally accepted by most individual and positive investors in the City have been commissioned by the owners for their own occupation and seem to reflect the pride of ownership that was common in the 19th century but all too often sent nowadays.

It is this pride of ownership that I would like to see reintroduced. Since the new owners of commercial property—the pension funds, insurance companies and property companies have largely replaced the previous owners, they should be encouraged to take on the responsibilities of ownership, as well as the powers. The aesthetic return from interesting and imaginative buildings can be enjoyed by everyone: pensioners, policy holders and shareholders alike. The cost of it need not be prohibitive—good architects generally cost no more than bad ones and the cost architectural competitions is insignificantly small compared to the total cost of major developments.

With the right climate of opinion and a slight change of attitudes there is no reason why institutional investors should not enthusiastically take up this responsibility for the buildings by finance and vie with each other for the major architectural awards.

Old Deer Park Gardens, Chiswick, Uxbridge, Middx.

Having the Hoop and Grapes

From the Managing Director, Aslemere Estates

Sir—As a company which is proud of its record in preserving London's architectural heritage, we were very sad to see that Colin Amery did not mention the information on which he based his article on July 28.

There is no comparison between Billingsgate Market

and the Hoop and Grapes in Aldgate High Street. It is true that the Hoop and Grapes was closed by its owners, Charringtons, five years ago, but Mr. Amery does not go on to say that dangerous structures notices were served on the building in 1975 and 1977. Charringtons invited Haslemere to try to find a way of saving the building and professional quantity surveyors and structural engineers have confirmed that the costs would be prohibitive unless we could obtain further office space. This resulted in lengthy negotiations to acquire No. 46—a similar 17th-century building which had been derelict and empty for many years and eventually the submission of a planning application at the end of last year.

Members of the City planning committee and the Greater London Council historical buildings committee took the trouble to look over the buildings and see at first hand their dilapidated condition before recommending consent for the proposals. In the meantime, our company has erected protective scaffolding and a temporary roof to prevent further erosion, and we are now waiting for the Minister's decision before starting restoration.

There is no question of "ruthlessly gutting" the building as Mr. Amery implies; much of the interior panelling of the public house dates from the 19th century and is a pastiche of the original. We have stressed to the conservation societies that we will be retaining and restoring all the original features in both buildings apart from the derelict rear rooms in No. 46; but we will obviously have to replace and repair decayed timber and defective plaster.

It was not clear from the article that our proposals include a public house on the ground floor which will in fact be larger than the previous Hoop and Grapes.

The major problem in restoring historic buildings lies in adapting them to suit 20th Century uses as well as the plethora of byelaws and fire regulations and assuring them of a life well into the next century. In the two years that it has taken to prepare our proposals, we have looked at every alternative and produced evidence at the public meetings of the GLC historic buildings board to prove that a "small office conversion" of No. 46 would not finance a more modest scheme. No evidence was ever given by the particular group which made this proposal to substantiate its claim, and over the last 5 years in which these buildings have been lying derelict no planning application has ever been submitted by any other body for their restoration.

The artist's sketch in the article gives a totally false impression of the buildings as they are today and does not show that they adjoin Gardeners Corner which is one of the major traffic routes around the City. Nor does it show the surrounding high-rise office buildings or the subway which lies ten feet below the illustrated gateway.

We believe that more historic buildings are likely to be saved from destruction by adapting them to economically viable uses than by misinformed rhetoric and in view of the condition of both buildings, we are most concerned that they

might not survive a prolonged public inquiry.

D. M. Pickford, Haslemere Estates, 4 Carlos Place, Mayfair, W1

Pints and litres

From Mr. T. Whittle.
Sir—Even if Stephen J. Stewart (July 26) were right about public attitudes to metrication, human nature has instinctively resisted change from time immemorial. We have left poles, roads, pecks, cwt and £sd behind us, why not accept the logic of metrication as the rest of the world is adopting it? The English language for international communications? Must we be old man out and demand that Olympiad races be run in yards?

When Dr. Pearce accepts the invitation to drink a pint of beer he surely will not object to half a litre (0.88 of a pint), if the price is adjusted. The housewife willingly buys her wine, lemonade and Coke more cheaply in litre bottles. Indeed, if Mr. Stewart asks for a pint anywhere outside the British Isles he will be served with a quarter or half litre—seven the American 16 oz pint is being phased out.

More serious, Britain's very survival depends on exports. Why should the brewers have the added burden of pints at home and half litres abroad, or the carpet makers square yards and square metres? Garages buy their petrol (as do householders their fuel oil) in litres, why sell it in gallons? Why not indeed take a little effort to propel ourselves into the technological age? The metrication programme should be speedily completed, without bringing back the Metrication Board.

Thomas E. Whittle, 19 Kidson Drive, Maybole, Ayrshire.

Paying the scorer

From Mr. R. Heseltine.
Sir—I was staggered to learn from ICT's 1979 accounts that its auditors were paid £2.2m, almost twice the £1.2m paid to its board of directors' executives. I was further taken aback to find that this is far from exceptional: BTR's auditors, for example, were paid £798,000, rather more than the £689,000 the board received.

It is surely absurd to pay the assistant scorer more than the team and it certainly explains why a disproportionate amount of commercial talent chooses to sit around in the pavilion, sheltered from the elements, just watching.

R. M. H. Heseltine, 29, Gibson Square, N1.

Election deposits

From Mr. J. Johnston.
Sir—That the £150 deposit required of candidates standing at a Parliamentary Election needs a sharp upward adjustment is beyond question (Malcolm Rutherford's article of July 25). That such an adjustment could prove financially burdensome to the Liberals, and

for that matter to other "fringe," but equally serious, parties is also clear.

The solution is simple. Raise the deposit to £2,000 (£1,120 to bring the 1918 figure up to current values and a margin to allow for inflation until the next revision), reduce the threshold from 13½ per cent to 10 per cent, but make a fraction of the deposit refundable to candidates failing to reach the 10 per cent level, the fraction being equivalent to the percentage polled divided by 10 per cent. Thus the Silly Party candidate polling 0.5 per cent would forfeit £1,900, while a luckless Liberal on 9.5 per cent would forfeit only £100.

Besides rolling back the ever-rising tide of Pythonesque expenditure, this system would give some protection to genuine, if minority, Parties and, incidentally, eliminate time-consuming and costly (to the taxpayer) "deposit recounts" on Election night.

Julian Johnston, 40, Patshall Road, NW5.

Wage rates and employment

From Mr. P. Franklin.

Sir—The empirical view which relates past wage rates to current employment is faulty because it ignores the current state of worldwide demand and employment. The UK economy is in recession, but how far is this due to past wage demands, and how much to other factors? If one comes to the conclusion that wage demands/wage rates are only one causal factor, then other factors should surely be investigated and the blame for unemployment more fairly attributed.

In this light a naïve suggestion that wage rates should be held down or even reduced so that profits can be restored to industry and short-term employment maintained, must be seen as being politically motivated with little economic justification. Indeed, switching arguments slightly, before one should support a policy of tight wage rates, it would be necessary to calculate the effects of the policy on aggregate demand and hence on the level of employment. It might be that tight wages would further depress the economy so that an action thought desirable at the micro-economic level would lead to a worsening macro-economic situation.

Some political economists would view declining employment with satisfaction on three grounds. They would argue that a "shake-out" of employment might change wage relationships so much that labour would become more willing to switch jobs and locations. They would argue that the worldwide depression gives governments and countries an opportunity to restructure their industry so as to take advantage of any emerging comparative advantage. The shake-out of industry may leave some firms and industries in a stronger position in the long run; able to take advantage of reduced domestic competition and any available economies of scale.

There are two other possible results of declining employment which some political economists would prefer not to consider. The first is that no positive re-

Investing in rail

From Sir James Farquharson

Sir—In his letter on investment in rail (July 24), Mr. Richard Hope correctly makes two important points: over-manning is raising costs unnecessarily and destroying BR's freight business; and more rational manning arrangements could double rail freight revenue within a decade.

British Rail has recently issued, to interested parties, a most interesting and informative booklet, *European Railways Performance Comparisons*, summarising the findings of a joint study by BR officers and the Institute for Transport Studies at the University of Leeds. The study covers the relative performance, in various activities, of BR and nine Continental systems. One conclusion is that BR requires "more than twice as many men to run a freight train as the more efficient railways"—ample confirmation of Mr. Hope's statement.

On overall productivity the conclusion is reached that BR's performance is about average. This finding is however based on the train-kilometre as a unit of output. The saleable end-product of a railway (or of any transport undertaking) consists of passenger-kilometre and tonne-kilometre. As BR train loads are only about three-quarters of the Continental average real productivity is correspondingly lower.

There is little doubt that sufficient medium- and long-distance traffic in the UK now going by road could, with effective service, be captured by rail to the extent of doubling BR's tonne-kilometre within a decade. Such a change would bring social as well as economic benefits. Another conclusion of the study is that "growth in productivity appears to be associated with traffic growth." Surely the solution is for Government to give clear advice to BR management and unions that such additional funds as it may need (in excess of internally generated depreciation provision) over the next ten years will be provided annually for locomotives and freight wagons and for a regular (even if modest) amount of electrification on the very firm understanding that freight train over-manning is reduced each year and eliminated in five years and that overall productivity is raised, at least to Continental levels, during the same period; traffic growth should ease the adjustments. (Sir) James Farquharson, Kincune, Kierriemuir, Angus.

GENERAL

UK: Electricity Council and Central Electricity Generating Board publish annual reports.

Sir John Mason, Meteorological office director, addresses atmospheric electricity conference, Manchester.

The Housing Corporation publishes annual report.

Prince Charles opens Mountbatten wing of King Edward VII hospital, Midhurst.

Harrogate International Festival opens (to August 13).

OFFICIAL STATISTICS

Department of Energy publishes energy trends.

PARLIAMENTARY BUSINESS

House of Commons: Debate on

Today's Events

developments in the EEC, January to December, 1979.

House of Lords: Finance Bill, second reading. Coal Industry Bill, second reading.

Select Committee: Home Affairs Sub-committee on Race Relations and Immigration, on racial disadvantage. Witnesses: Local Authority Associations.

Room 15, 4.30 pm.

COMPANY MEETINGS

Arbuthnot Latham, 37 Queen Street, EC, 12.30. Assam-Donors.

Sir John Lyon House, 5 High Timber Street, Upper Thames Street, EC, 11. British Dredging,

Leeds, 11.30.

Royal Hotel, St. Mary Street, Cardiff, 11. N. Brown, Midland Hotel, Peter Street, Manchester, 2.30. Caffyns, Lecture Hall, Central Library, Eastbourne, 3.30. Chloride, The London Hilton, Park Lane, W, 11.30. Country and New Town Properties, 6-11 Agar Street, WC, 12. James Cropper, Burnside Mills, Kendal, Cumbria, 10.30. Kleen-E-Ze, Martins Road, Hanham, Bristol, 2.30. William Press, Inn on the Park, Hamilton Place, Park Lane, W, 11.30. Renold, Renold House, Wythenshawe, Manchester, 2.30. Sangers, Connaught Rooms, Great Queen Street, WC, 12. Frank Horsell, Hawley Park Estate, Morley, Leeds, 11.30.

General Mining Union Corporation Group

COAL MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1980

Both companies are incorporated in the Republic of South Africa (All figures are subject to audit)

TRANS-NATAL COAL CORPORATION LIMITED

	Quarter ended	Comparative quarter previous year	12 months to	12 months to
	30.6.80	31.3.80	30.6.79	30.6.79
Tons sold ('000)	30,680	31,380	306,79	306,79
	6,362	6,520	25,685	22,865
GROUP INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	10,597	11,591	8,676	44,062
Add: Financing and sundries	352	283	506	1,055
	10,949	11,874	9,182	45,117
Deduct: Taxation	(591)	(1,071)	1,555	7,820
Outside shareholders' interest	1,603	1,370	997	5,567
NET GROUP INCOME	9,937	7,463	6,630	31,730
CAPITAL EXPENDITURE	18,910	3,041	3,153	31,780
Earnings per share: c.p.s.			61	42

Notes:
1. Dividend No. 35 of 16 cents per share was declared on 5 June 1980 and is payable on 22 August 1980.
2. The decline in net income from mining and allied activities is because of a levy by Richards Bay Coal Terminal.
3. The tax credit arising for the quarter under review is as a result of accelerated capital expenditure.

On behalf of the Board
G. CLARK
S. P. ELLIS
Directors

THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED

	Quarter ended	Comparative quarter previous year	12 months to	12 months to
	30.6.80	31.3.80	30.6.79	30.6.79
Tons sold ('000)	1,463	1,493	1,292	5,862
INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	2,912	2,099	1,914	8,606
Add: Other income	307	246	140	1,142
	3,219	2,345	2,054	9,748
Deduct: Taxation	(2,160)	812	541	2,605
NET INCOME AFTER TAXATION	5,379	1,533	1,513	9,748
CAPITAL EXPENDITURE AND LOANS	8,516	412	1,963	8,210
Earnings per unit of stock: c.p.s.			96	59

Notes:
1. Dividend No. 134 of 30 cents per unit of stock was declared on 5 June 1980 and is payable 22 August 1980.
2. The tax credit arising for the quarter under review is as a result of accelerated capital expenditure in the Mafika project.

On behalf of the Board
G. CLARK
S. P. ELLIS
Directors

Secretaries:
GENERAL MINING UNION CORPORATION LIMITED
6 Holland Street
Johannesburg
PO Box 61824, Marshalltown 2107
31 July 1980

London Offices
Princes House
95 Gresham Street
London EC2V 7EN

Oil groups merger terms agreed

MEETINGS have been held between the Boards of Cambridge Petroleum Company, Cambridge Petroleum Royalties, and Petroleum Royalties of Ireland and terms for a merger of the three companies have been agreed.

The Board of Cambridge Petroleum Company is to offer one share of U.S.\$1 par value of CRC common stock for every two Cambridge Petroleum Royalties 20p shares and 3.62495 CRC common stock shares for each Petroleum Royalties of Ireland ordinary.

If the merger is approved, interests of the respective groups of shareholders would be CRC 30 per cent, CPR 43.67 per cent and PRI 26.33 per cent.

It is proposed that the mergers will be effected by schemes of arrangement under Section 206 of the Companies Act and Section 202 of the Irish Companies Act.

The independent directors of CPR and its advisors Robert Fleming and Co., consider the terms of the CPR scheme to be fair and reasonable. PRI and those directors owning shares in CPR, whose holdings aggregate approximately 5 per cent of the issued share capital, intend to vote in favour of the CPR scheme.

The independent directors of PRI and the Investment Bank of Ireland, consider the terms of the PRI scheme to be fair and reasonable. CPR and those directors owning shares in PRI, whose holdings aggregate 3 per cent of the issued share capital, intend to vote in favour of the PRI scheme.

In the merger negotiations, Cambridge Petroleum was advised by E. P. Hutton and Co. Inc., who will act as investment bankers to the combined group in the event of the merger taking place.

Courtaulds mopping up rest of two offshoots

In deals worth a total of £1.6m cash, Courtaulds is planning to take full control of the last two UK textile companies in the group which have minority shareholders.

Courtaulds, Europe's largest textile concern, is making agreed bids for the 664,808 ordinary shares (11.1 per cent) of Kayser Bowler and the 1,27,941 shares (15.6 per cent) of Macanie (London) which it does not already own.

Holders of Kayser, manufacturer of hosiery and lingerie, are being offered 100p, and in Macanie (a clothing manufacturer) 30p. These prices represent premiums of 55 per cent

and 30 per cent respectively over the closing prices on Tuesday. By yesterday's close Kayser had gained 56p to 88p and Macanie 7p to 30p.

The bid prices value the outstanding shares in Kayser at £664,808 and in Macanie at £383,882, and the entire capitals at £6m and £2.45m respectively.

Courtaulds said yesterday that the bids represented "a tidying-up operation" to make for more sensible and efficient operation.

A holder of 12.5 per cent of the Kayser minority holding intends to accept the offer.

Courtaulds has two other UK subsidiaries with minority holders—International Points

(12 per cent outstanding) and British Cellophane with 25 per cent held by a French company. International Points' shares rose 7p to 88p yesterday on hopes of a bid for the minority. But Courtaulds said that it had no intention of making an offer for the outstanding interest.

British Cellophane has operated with its French partner since 1935 and this arrangement is to continue, the group added.

Keyser, which Courtaulds took control of in early 1966, reported profits sharply higher at £265,000, compared with £201,000, for 1979. Macanie, which came under Courtaulds' wing in 1967, lifted profits from £237,000 to £605,000 in 1979.

Low & Bonar gains full control of Canadian packaging network

Low and Bonar Group has agreed to pay C\$11m (£4m) for the 45 per cent minority interest currently held by Bemis Company Inc., of Minneapolis, U.S., in Bonar and Bemis, their jointly-owned western Canadian packaging company. The deal is subject to appropriate governmental approvals.

The acquisition by Low and Bonar, which at present owns 100 per cent of Bonar Packaging operating in eastern Canada, will give the group full control of the 14-plant Canadian packaging network with sales of £32m. This will then trade under the Bonar name.

Pre-tax profits for the year ended November 30, 1979, attributable to the shares to be acquired, totalled C\$1.49m (£544,000), with related net tangible assets at that date of C\$11.55m (£4.24m).

Mr. Brian Gilbert, group chief executive of Low and Bonar,

says the move gives the group greater flexibility in a competitive market to take full advantage of potential new markets, product developments and equipment.

Low and Bonar, with interest in packaging, engineering, textiles and the leisure and travel industries, established a new packaging plant in Georgia, U.S., last year for the manufacture and distribution of bulk containers.

NASSAR BUYS MORE INVERESK

Mr. Edward Nassar, the Lebanese businessman who earlier this year took over the chair of two UK companies, has further increased his holding in Inveresk Group, the Scottish paper concern.

W. NORTON

The Machine Tools subsidiary of W. E. Norton (Holdings) has bought the machine shops, presses, and entire forge plant formerly operated by Chemetron, at Pontefract, South Wales.

Brown & Jackson makes £1m leisure acquisition

Brown and Jackson, the building and civil engineering group with general trading interests, is to purchase 75 per cent of the ordinary share capital of Honey-suckle Fashions and J. Lawrence (Gifts), two leisure and casual clothing companies.

The purchase is conditional on normal tax clearances and on the 1979-80 audited accounts of the two companies showing combined net assets of at least £900,000 and net profits of £400,000.

The aggregate consideration

will be £1,090,550 in cash, with the initial sum payable of £708,050 plus three further sums of £127,000 over the following three years.

The vendors have warranted that the combined assets of the acquired companies will average £500,000 per annum for the three years ending March 31, 1983.

They will continue to hold 25 per cent of the companies' ordinary shares and will remain responsible for the day-to-day management of the companies.

McLeod Russel makes progress in current year

For the current year, the trade investments and property interests of McLeod Russel are showing further progress. Sir John Jardine Paterson, chairman, says in his annual report.

The year in India has started well and the re-integration of Zimbabwe together with development plans in Indonesia will serve to consolidate and expand the group's agricultural activities, the chairman adds.

The group, in conjunction with its partners, Tatas and James Finlay, have purchased an instant tea processing plant in Florida, while in the Indian side, earlier, the group has acquired a 20 per cent interest costing £1.25m, in Moray Petroleum Holdings and Development to participate in the Beatrice Field in the North Sea.

The growth in assets on which the group has recently concentrated has been at some cost to immediate earnings which are in any event affected by unrelieved ACT. Directors continue however to seek sources of earnings growth.

For the year ended March 31,

1980 group pre-tax profits improved from £4.18m to £4.47m on turnover of £20.14m against £18.26m.

Net book assets outside India have grown from £1.26m five years ago to £3.8m at March 31 this year. In addition there were unrealised gains on quoted trade investments and a surplus of £1.2m value attributable to the group's UK property interests.

The quoted trade investments had a market value of £4.82m as at March 31, being £1.83m in excess of book value.

On the Indian side, the chairman says the processes leading to clearance of the remittance of past profits earned prior to repatriation continue to take time and at the financial year-end, a total of £1.43m was still outstanding.

Assam Trading (Holdings) holds 38.27 per cent of the group's ordinary capital. Meeting, Victoria House, Vernon Place, W.C., August 22 at noon.

Greycoat misses forecast with £0.24m for year

Contrary to the forecast of improvement, made at midway, Greycoat Estates, property investment group, reports a fall in pre-tax profits for the year ending March 31, 1980, from £299,342 to £242,234.

At halfway, announcing profits of £373,465 (£200,039), the chairman said that since most of the anticipated income for the year had been received in the first six months, profits for the year were likely to be lower than for the half-year, but would show a considerable improvement over 1979.

Turnover for the year was up to £696,086 (£658,919). Taxation took £51,634 leaving an attributable balance of £190,600. Last year the after-tax figure of £180,719 was reduced to £79,327 after deducting pre-acquisition profits of a subsidiary acquired during the year.

The company says satisfactory progress was made during the year on existing projects, and a number of new schemes are being actively pursued. Stated earnings per 10p share are 2.4p (1.34p). The dividend is stepped up from 0.28p to 0.32p net.

MALLINSON

Acceptances received for Mallinson-Denny's rights issue totalled 19,438m shares—about 91.4 per cent.

DUALVEST

Net asset value per capital share of Dualvest was 4934p as at June 30, 1980, compared with 4011p three months earlier.

Revertex sees rise in trading profits

SIR CAMPBELL ADAMSON, chairman of Revertex Chemicals, has predicted "an improvement in trading profits" subject to several conditions such as interest rates and foreign exchange levels. The forecast comes in Sir Campbell's recommendation that Revertex shareholders accept the terms of Yule Catto's offer for the 70 per cent of ordinary share capital in Revertex it does not already own.

Yule Catto increased its offer on July 19 in a package which values Revertex shares at 54p each, an aggregate of £5.4m against an earlier 25m for the shares it does not already own.

AB FOODS COMPLETES

Associated British Foods has completed, through its Dairy Topp subsidiary, the purchase of the 50 per cent of William Pendleton and Sons, ice-cream manufacturer, which it did not already own.

Consideration is some £1.35m, a total of £400,000 to be satisfied by the issue of 400,000 new AB Foods. Net assets of Pendleton are about £1.5m.

J. ANDREWS/UTD. NEWSPAPERS

The Monopolies Commission report on the proposed transfer of 14 newspapers owned by J. Andrew and Company to United Newspapers concludes that the transfer might not be expected to operate against the public interest.

The Secretary of State gave formal consent for the transfer to United Newspapers yesterday.

CAPITAL & COUNTIES

Kuwait Investment Office acquired 4,100,000 shares in Capital and Counties Property between July 16 and 23. Its total holding on July 23 was 4.88m ordinary (6.33 per cent).

Prestige dips to £2.2m as consumer demand falls

THE SHARP decline in consumer demand in the UK during the second quarter and the continued strength of sterling meant that pre-tax profits of Prestige Group slipped from £2.42m to £2.34m for the half-year ended June 30, 1980.

Sales of the domestic household goods manufacturer, which is controlled by American Home Products Corporation, rose by 4.6 per cent to £31.71m (£30.31m).

The directors say the strong pound contributed to a reduced level of exports and adversely affected the results in sterling of overseas subsidiaries.

The taxable surplus was struck after adjustment for exchange losses up from £192,000 to £248,000.

The interim dividend is held at 2.5p—last year's total was 6.375p, paid from pre-tax profits of £5.86m.

Tax for the half-year took £1.1m (£1.11m), leaving a net balance down from £1.32m to £1.19m.

comment

After several years of steady, but plunging pre-tax profits growth, the interim figures from Prestige now reveal a continuing but gentle decline. The group's last full year profits were 14.4 per cent lower, partly because of exchange translation losses. This problem has persisted in the first half of the current year and has had quite an impact since around 40 per cent of group business comes from overseas subsidiaries and exports. Interim earnings are down by 7.7 per cent before tax. The currency difficulty has combined with flat consumer demand in the UK to knock 2.5 points off Prestige's pre-tax margins since year-end. The company can, however, claim a healthy balance sheet; it has no gearing and its interest charges only somewhat exceed its income received. The second half performance will depend on the extent of the consumer spending squeeze, but a solid contribution from overseas could counter-

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—Baumgart Properties, Drayton Premier Investment Trust, Martin Ford, Hirst and Maffinson, Lax Service, River and Mercantile Trust, River Plate and General Investment Trust.

Finals—Quintus Photographic, Finch Lovell, Lp, Macarthy Pharmaceuticals, andland Trust, William Penson.

FUTURE DATES

Interim—Anglo-American Gold Invest. Aug. 7, Broadstone Investment Trust Aug. 11, General Accident Fire and Life Assurance Aug. 12, IML (Great Bridge) Aug. 14, Scottish United Investors Aug. 15, Brawley Aug. 16, City of London Brewery and Investment Trust Aug. 6, Cowan de Groot Aug. 8, Denbyware Aug. 18, Grappards Aug. 29.

Drayton Commercial interim up

THE DIRECTORS of Drayton Commercial Investment Company are raising the interim dividend for 1980 from 1.3125p to 2p per share. The increase is to reduce disparity and it is intended that the final payment will be at least maintained at 4.6875p.

Revenue for the first six months improved from £1.2m to £1.7m before tax of £501,400 against £460,600. Net asset value amounts to 194p (168p).

SCOTCROS

Trading profits of Scotcros for the first half of the current year are expected to be maintained at least at the same level as last year, Mr. W. R. Alexander, chairman, said at the annual meeting.

He added that the recent purchase of certain assets from the receiver of Alfred Cooner and Co., printer and manufacturer of rigid cardboard boxes and cartons, should lead to employment for up to 100 people who would otherwise have lost their jobs.

Thomas Witter declines

THE DOWNTURN in profitability seen at Thomas Witter and Co. in the second half of last year continued in the six months to May 31, 1980, with pre-tax profits for the period showing a fall from £647,163 to £490,608. Sales of this floor and wall covering manufacturer increased, however, from £12.6m to £13.7m.

In his annual statement in March, Mr. H. Bowser, the chairman, said the current year had started with optimism and it was considered that last year's level of trading should be exceeded. After a £10,000 rise at midway, pre-tax profits last year had dropped from £1.87m to £1.63m. The net interim dividend is held at 0.7p per 25p share—the final last time was 3.3375p.

Tax for the half-year took £295,450 (£365,662), giving net profits of £155,128, against £281,501.

McLeod Russel & Co., Limited



Five Year Record

	year ended 31 March 1975	year ended 31 March 1980
Total Net Assets*	£4.64m	£20.40m
Net Assets outside India*	£0.99m	£10.92m
Ordinary Dividend (net)	5.87p	15.00p
	29 July 1975	29 July 1980
Ordinary Share Price	76p	365p

*Attributable to shareholders including unrealised profits/losses on trade investments.

To the Secretary (F), McLeod Russel & Co., Limited
Victoria House, Vernon Place, London WC1B 4DH
Please send me a copy of the 1980 Accounts

Name.....Company.....
Address.....

ACROW

	1979	1980
TURNOVER	£000s	£000s
total	151,174	146,801
exports	67,230	77,065
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	13,780	2,018
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	7,312	2,248
Final dividend recommended by Directors	1.5p per share	1.5p per share



CHAIRMAN'S STATEMENT

This is the first time in all of forty years that I as Chairman of your company am unable to announce another record year.

1979/80 has been the most difficult in the history of the Group.

All businesses are exposed to external events: the sea-lack caused by the long haulage strike and its ripple effect, followed by the regional engineering strikes, then the steel strikes have been adverse to our business.

Some of our businesses have come under severe market pressure and here we are determined to sell ourselves out of the present recession by reviewing and increasing where necessary our sales efforts. We are also seeking improvements in the use of fixed and working capital, energy and manpower.

The modernisation and investment programme which we have just completed throughout the UK will enable us to operate as efficiently as any of our competitors in the 1980s, provided we have a period of industrial peace.

With the exception of our Australian and Spanish companies our overseas companies in Canada, U.S.A., Peru, Brazil, Argentina, South Africa, Zimbabwe, New Zealand, Egypt and India are all performing well.

Although I foresee a poor first half I feel confident that we will begin to return to a growth pattern in the second half of the present financial year.

The circumstances of the past year have been unusual but in view of the conservative dividend policy in the past the directors recommend the maintenance of the dividend at last year's level.

I would like to thank the ACROW teams for all their effort during the past year and to say that we are all united in a common purpose—the prosperity of the ACROW Group.

W. A. de Vigier, Chairman

Acrow Limited 8 South Wharf Road, London W2 1PB Tel: 01-262 3456 Telex: 21888

مكتبة الأصيل

This advertisement appears as a matter of record only

Cii Honeywell Bull

Cii-Honeywell Bull Finance Overseas N.V.

Curaçao, Netherlands Antilles
DM 125,000,000
8 3/4% Deutsche Mark Bearer Bonds of 1980/1990

with the unconditional and irrevocable joint and several guaranty of
Compagnie Internationale pour l'Informatique Cii-Honeywell Bull
and Compagnie Cii-HB Internationale N.V.

Offering Price: 100%
Interest: 8 3/4% p.a., payable annually August 1
Maturity: August 1, 1990
Listing: Frankfurt am Main

Deutsche Bank Aktiengesellschaft	Kleinwort, Benson Limited
Banque Nationale de Paris	Morgan Stanley International
Swiss Bank Corporation International Limited	Amsterdam-Rotterdam Bank N.V.
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Banque de Neufchatel, Schlumberger, Mallet	Banque Rothschild
Banque Privée de Gestion Financière - B.P.G.F.	Banque Worms
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Svenska Handelsbanken	Verband Schweizerischer Kantonalbanken
M. M. Warburg-Brinckmann, Wirtz & Co.	Wood Gundy Limited
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Banque Internationale à Luxembourg S.A.	Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne	Baring Brothers & Co., Limited
Bayerische Vereinsbank Aktiengesellschaft	B.S.I. Underwriters Limited
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Groupe des Banquiers Privés Genevois	Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Gidder, Peabody International Limited	Kuhn Loeb Lehman Brothers International Inc.
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Morgan Grenfell & Co. Limited	Norddeutsche Landesbank Girozentrale
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Skandinaviska Enskilda Banken	Société Générale de Banque S.A.
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Yamaichi International (Europe) Limited	

Belhaven back in the black

A TURNROUND from a loss of £34,000 to a pre-tax profit of £111,000 is reported by Belhaven Brewery Group for the year to March 30, 1980.

There are tax credits this time of £3,000 (£18,000) but extraordinary losses of £642,000 (£298,000) have resulted in an increased attributable deficit of £528,000 (£334,000).

A resolution for a reduction of capital by applying the share premium account against accumulated revenue losses will be proposed at an EGM in September.

In the light of the losses incurred in the disposal of the company's Bermudian subsidiary—sold March 31, 1980—and the restatement of the company's assets, no dividend is declared for the year, compared with a 0.45p total for 1978-79. However, the directors say the proposed capital reduction will remove dividend inhibition in future.

With the company realistically valued and the loss-making Bermudian subsidiary disposed of, all operating companies within the group are trading profitably, the directors state.

They add that they are optimistic about the future, not only in terms of profits of present business, but also with regard to expansion into the leisure industry.

At the last AGM shareholders asked that the past conduct of the company be investigated. A close scrutiny of the transactions entered into by the group over the last few years has accordingly been undertaken and nothing irregular has come to light, it is stated.

For the year, turnover of continuing parts of the group totalled £7.41m (£4.77m). Trading profit was £363,000 (£305,000) and interest took £316,000 (£194,000), leaving profits of £247,000 (£171,000).

On turnover of £528,000 (£353,000), the Bermudian subsidiary reported an operating loss of £115,000 (£206,000). After interest of £21,000 (£19,000) the deficit was £136,000 (£225,000).

Group extraordinary losses comprise loss on disposal of Bermudian operation £361,000, deficit on directors' valuation of certain hotel properties £178,000, provision for loss on foreclosure of loan receivable £78,000 and minor items £25,000.

Value attributable to loans receivable has been restated both in 1979 and 1980 figures to reflect their present worth to the group after due allowance for brewery tied value.

comment

The market remains understandably suspicious of Belhaven. A 54 per cent increase in trading profits and a far-reaching clean out of the balance sheet failed yesterday to lift the shares, which

rest just under par at 24p. Even this is expecting a fair amount of the new management, however, since the share price produces a historic p/e of 14.1—on a nil tax charge. When the heavy extraordinary losses and deficit on reserves are added to the picture, the caution is hardly surprising. At the same time, there may be tentative grounds for optimism. The Bermudian debacle is out of the way, all operating divisions are trading at a profit and, whatever one thinks of the statement on past transactions, the board is more cohesive than was the case last year. The capital reconstruction should permit payment of a modest dividend this year and, taking a long term view, the proposed expansion into leisure activities could reap rewards. Belhaven shareholders will be pleased to hear that the forthcoming accounts should be unqualified.

Jourdan surges to £331,000 mid-year

TAXABLE PROFITS of Thomas Jourdan, investment holding company, surged from £108,000 to £331,000 for the first six months of 1980, on turnover of £3.27m compared with £2.32m.

Mr. Archie McNair, the chairman, says all subsidiaries traded profitably and despite keen competition caused by the increasing recession, home order intake has been improved.

Profitable trading continues at a good level and the second half has started with a satisfactory order book.

Earnings per 10p share are shown well ahead from 1.3p to 3.96p and, mainly to reduce disparity, the interim dividend is raised from 1.5p to 1.75p net—last year's total pay-out was 4.2p on pre-tax profits of £360,000.

Interest charges for the half-year increased from £58,000 to £73,000, due entirely to the loan raised to acquire the Rochingham companies—other borrowings continue to be reduced.

comment

The shares of Thomas Jourdan responded smartly to more than trebled half time profits, rising 8p to 70p. The increase was almost wholly attributable to the trading operations, which increased sales by 44 per cent. The group has reorganised its lighting division, which was responsible for much of the improvement, and the recently acquired Rockingham companies have also made a contribution.

Royalty income, on the other hand, has been disappointing, with the purchase of new royalties only just offsetting a decline in profits from Mary Quant. Assuming that Jourdan doubles its interim profits over the full year, the prospective fully-taxed p/e works out at 8.5. This could prove conservative, though Jourdan's recent track record hardly inspires confidence and the apparent solidity of the balance sheet rests largely on such intangibles as goodwill and the value attributed to royalties.

A 10p gross dividend for the year would, however, provide the attractive compensation of a 14.7 per cent yield.

Stock Conversion pays more despite slightly lower revenue

As foreshadowed, taxable revenue of Stock Conversion and Investment Trust slipped slightly in the year to March 31, 1980, from £8.7m to £8.37m.

At mid-year, when pre-tax revenue showed a fall of £633,000 at £4.13m, the directors thought it unlikely that revenue before tax would reach last year's figure.

A final dividend of 2.625p makes a total of 4.5125p net (3.965p). A one-for-two scrip issue is also proposed.

Basic earnings per 25p share are given as 16.8p (16.08p) and fully diluted earnings as 14.61p (14.18p).

The directors believe that the results can be regarded as very satisfactory as during the year under review the proportion of total revenue derived from net rental income increased from 69 to 81 per cent.

Dealing profits, they say, were under 1 per cent, compared to 18 per cent the previous year. Pre-tax revenue was struck after minorities up from £1.3m to £1.8m and revenue from associated companies of £1.5m (£1.39m).

After a lower tax charge, down from £3.5m to £3.3m, extraordinary items of £77,000 (nil) and a transfer to capital reserve of £77,000 (£33,000 debit) attri-

butable revenue rose to £4.98m compared with £4.8m.

comment

The broad market consensus suggests that Stock Conversion is backed by fully diluted assets of some 500p per share. That estimate may be upgraded when the accounts are published but, for the moment, the shares are trading at an apparent discount of 11 per cent at 44.5p, up 2p yesterday and thus look fully valued. The sector has recovered rather well from Land Securities' rights issue and the bullish review by Property Advisory Services. In part, this may be attributed to the traditional pull of declining interest costs and, although development conditions may not yet be overwhelming, favourable, a state of affairs which has added an undeniably speculative flavour. With the KIO as a prominent shareholder, Stock Conversion should not be excluded from a more far-reaching list of takeover candidates. The reversionary potential, moreover, is good and the underlying rate of revenue growth is strong given the near elimination of dealing profits. Yet the group is maintaining a somewhat muted line on fresh development possibilities and buying attention, in an

admittedly tight, one-way market, appears to be focused where development aspirations are more obvious.

Order intake up at James Dennis

The rate of order intake in the engineering division of James H. Dennis and Co. had doubled in the first 17 weeks of the current year, compared with the same period of 1979 and even the casting division, operating in the troubled foundry sector, was showing a modest increase over last year.

Mr. J. A. Mundell, the chairman, told the annual meeting.

For the year ended March 31, 1980, pre-tax profits were £115,137 (£150,534 for seven months period).

Mr. Mundell welcomed the Government's action in granting enterprise zone status to Trafford Park—an immediate benefit to the company would be relief from general rates.

FUNDINVEST

Net asset value per capital share of Fundinvest as at June 30, 1980, was 121½p compared with 88p as at March 31.

S & N set to maintain market shares

DESPITE the uncertain business outlook, Mr. P. E. G. Balfour, the chairman of Scottish and Newcastle Breweries, is confident that the company has sufficiently strengthened its position during the last year to at least maintain its share of the market in all the activities in which it is involved.

The chairman tells members in his annual statement that a reduction in the high level of interest rates would benefit earnings, but real progress will have to wait until an improvement in the general market conditions provides the opportunity.

He believes the group is now in a position to exploit any such opportunity to its best advantage.

As reported on July 5, operating profits rose 22 per cent for the year to April 27, 1980, but the impact of increased borrowing and higher interest rates resulted in pre-tax profits up nearly 10 per cent to £39.1m (£35.7m). Turnover advanced from £426.9m to £458m.

Current cost pre-tax profits are shown at £28.4m (£28.5m) after additional depreciation of £8.6m (£8.4m) and cost of sales of £8.9m (£8.6m) less gearing of £2.3m (£1.8m).

Meeting, Edinburgh, August 21, noon.

Latest thoughts on the gold share market

BY KENNETH MARSTON, MINING EDITOR

GOLD SHARES turned easier yesterday on profit-taking coupled with a lower bullion price which closed \$18 down at \$630.50 per ounce. The FT gold share index gave up 7.1 to 376.7, but on the previous day it had reached its highest since 1975.

The question being asked is whether gold and gold shares are still in an overall upward movement. Mr. Ian Wright remains firmly bullish for both the metal and the shares of the South African producers in the latest gold review published as part of their gold share evaluation service by stockbrokers, Laurence, Prust.

In the comprehensive two-part publication, which ranks as a major reference work for this type of investment, it is concluded that: "Gold prices could continue volatile with perhaps a major U.S. Treasury sale providing a buying opportunity. However, we are strongly of the opinion that the price trend will continue upwards with prices significantly above current levels at the end of 1980."

An investment merit table lists South African gold shares in order of merit in terms of earnings related to current bullion and share prices. The top four are: Randfontein, Vaal Reefs, South African Gold, and De Beers.

Other aspects such as good ore grade and long life prospects in the order of merit in terms of earnings related to current bullion and share prices. The top four are: Randfontein, Vaal Reefs, South African Gold, and De Beers.

However, the review, which is a balanced portfolio, is more cautious, partly because of the speculative nature of the present demand for gold and the continuing rise in mine costs which will be given a further push by the recent 15 per cent wage award for miners.

Nevertheless, the brokers point to the high level of dividend yields and feel that there is a case for holding the high quality mines such as Vaal Reefs, Hartbeestfontein, Free State Geduld and Winkelhaak.

The marginal mines are recommended with the exception of Harmony "as a more gold price sensitive investment."

MARY KATHLEEN

Uranium production at Australia's Mary Kathleen was significantly higher during the second quarter to end-June. Output during this period was 212.1 tonnes of uranium oxide compared with 155.7 tonnes in the previous quarter.

The first quarter's production, however, had been affected by a combination of mechanical problems and a major industrial strike.

The Rio Tinto-Zinc group company is undertaking a regional and local exploration programme in the Mary Kathleen area, but

says that to date, no mineralisation of economic significance has been found.

CSR finds more molybdenum in NSW drilling

THE major Australian industrial and mining group, CSR, has obtained further promising results from a molybdenum discovery near Mudgee in New South Wales, reports James Forth from Sydney.

The find was first reported last September with large inter-sections of molybdenum giving modest values of around 0.06 per cent but there has been no further news till now.

Results of three new drill holes now released show average molybdenum yields ranging from 0.05 to 0.1 per cent over inter-sections ranging from 18 metres to 51 metres.

The directors said that low grade tungsten had also been encountered in association with the molybdenum. A further 10 exploration licence areas had been obtained in the region, taking the total area to about 2,000 sq km.

CSR, in its first quarterly report on its mining activities, also revealed that it is looking for oil shale in the Coolgarra region of Western Australia.

GREAT EASTERN EMERALD DEAL

While production is progressively building up at its 50 per cent owned Aga Khan emerald mine in Western Australia, Great Eastern Mines has signed a long-term marketing contract with Macgrath Property, a major firm of jewellers in Western Australia.

Great Eastern's chairman, Mr. Wayne Ryder, says that a considerable number of higher grade gem quality emeralds will be stockpiled to take advantage of the forecast increase in world price for emeralds.

The company has also been expanding in other areas. It recently bought four gold tailing dumps in the North-Coolgarra goldfield and is purchasing interests in prospective open cut gold areas nearby, as well as peeping for emeralds.

It is also making moves to expand overseas, initially taking an 18.2 per cent interest in three oil and gas acreages in the U.S. The shares were 20p yesterday.

SLOWER RISE IN ATLAS EARNINGS

The Philippines' major copper producer, Atlas Consolidated Mining and Development, has reported a second quarter net profit of 79m pesos (£4.6m), but the current year's first half earnings to 235.3m pesos, awaits development.

(£13.8m), nearly 60 per cent ahead of those for the same half of last year.

However, although profit in the 1980 second quarter was 21 per cent higher than in the comparable period of 1979, the percentage growth trailed behind the rise in operating costs during the period, which was 57.55 per cent at \$68m, passed \$100m.

Mr. Soriano, attributed this to a rise in production costs which went up 37 per cent as a result of higher oil prices.

Mr. Soriano said that the company produced 74.5m lb of copper during the second quarter, 11 per cent up on the 1979 comparable figure, and added that production would have been higher if the National Power Corporation (the Government-controlled power generating company) had not further curtailed electricity supplies.

Ni-Cal venture in Oregon

TWO YEARS AGO mining industry observers accorded a fair degree of scepticism to reports that mining claims along the western end of the Oregon-California border held massive ore reserves, estimated at 100m tonnes at least, containing laterite nickel, chrome and cobalt, which were amenable to open-pit mining methods.

The claims, held by Inter-American Nickel, a private company owned by Canadian interests, were subsequently acquired by Ni-Cal Development of Vancouver and a major mining development was planned.

The latest news, reported by Anthony Polak, is that the Ni-Cal venture is proceeding on schedule. Mr. William E. Hosken, president and chief executive of Ni-Cal's subsidiary, California Nickel, has said that final summer field work, preparation and submission of the required environmental impact reports and further refinement of metallurgical processing techniques are all in fairly advanced stages.

He has added that the construction of a \$200m (£84m) processing plant, near Crescent City in northern California, could start next year. Company hopes are that the Ni-Cal properties could produce some 4.5m lb of cobalt, 39m lb of nickel and at least 20,000 tons of chrome ore annually over a 20-year period.

However, just how far these hopes will be realised remains to be seen, as does the economic potential. The area is thought to contain laterite nickel and other minerals represented in this part of the US include Hanna Mining with ferro-nickel interests in south-west Oregon and Del Norte with a large chromite deposit which awaits development.

Profit before tax £38.6 m -the highest ever

Johnson Matthey 1979-80

Highlights from the Report by Lord Robens to the Annual General Meeting on 30th July 1980

- Record profit from bullion and metal trading
- Significant increases in all trading activities
- Improved results by most overseas companies
- High capital expenditure on plant and processes

YEAR ENDED 31st MARCH 1980	
Total Sales (excluding JM Bankers)	£865.6 million
Exports*	£251.1 million
Group pre-tax profits	£38.6 million
Taxation	£13.1 million
Ordinary share dividend	15 pence
Retained	£15.1 million

*Exports 25% of total sales. Johnson Matthey is one of Britain's top 40 exporters

PROFIT BY ACTIVITY	
Where each £1 of our profit before tax came from	
46%	BANKING, DEALING AND TRADING
30%	MECHANICAL PRODUCTION
14%	COLOURS AND TRANSFERS
10%	REFINING AND CHEMICAL OPERATIONS

5 YEARS' COMPARISON OF RESULTS	
	1976 1977 1978 1979 1980
Group profit before tax	15.94 21.52 25.47 31.61
Group profit after tax	8.76 11.52 13.76 17.96
Shareholders' distribution	1.89 2.74 3.24 4.24
Retained	6.87 8.78 10.52 13.72
Capital employed	104.20 104.20 104.20 104.20 104.20

Copies of the Directors' Report and Statement of Accounts are available from the Company Secretary

WORLDWIDE ACTIVITIES	
Profit by area	
UNITED KINGDOM 43%	Exceptional profit from banking, dealing and trading; heavy increase in refining activity; improved sales of European products
ASIA 6%	Drop in platinum sales for jewellery; other industrial demand well maintained; improved profits by Tioxide Matthey; more penetration of other Far East markets
AMERICAS 18%	Best year ever for Matthey Bankers; good performance by chemical, mechanical and ceramic divisions; record results in Canada
AUSTRALASIA 5%	Satisfactory performance by Matthey Bankers in Australia; new Blythe Colours factory in Melbourne; another very good year in New Zealand

We currently operate in over 20 countries

PRODUCTS AND SERVICES — how we fared during the year

Banking, dealing and trading
Good year for group's platinum trading; record profit for Johnson Matthey Bankers, now officially recognised as a bank under Banking Act 1979; Johnson Matthey Commodities elected to ring-fencing membership of London Metal Exchange; another excellent performance by Hong Kong subsidiary; Johnson Matthey Bankers issued capital increased to £220 million.

Mechanical production
Overall results better than in previous year despite trading and industrial difficulties; drop in demand for jewellery materials owing to rockering precious metal prices; unprecedented rush by trade and public to sell gold and silver; Johnson Matthey Metals' output hit by national engineering order good year for Matthey Precious in Italy and for Johnson Matthey & Pauwels in Belgium.

Colours and transfers
Reduced home demand offset by increased sales overseas; good prospects for precision temperature sensors and other specialised electronic products; better results by Blythe Colours in Holland; acquisition of French company opens way for expanding sales in France; best performance to date by Matthey Beynord in France; good first year for Mattheyprint Corp. in USA; Meyercard hit by downturn in US market.

Refining and chemical operations
Dramatic rise in gold, silver and platinum prices; new, more efficient plant able to accept wider variety of refinable materials; prospect of world demand for platinum continuing and of renewed requirements by US car manufacturers and Japanese jewellery; all-time record for sales of high purity materials and fine chemicals; increased market share for catalysts used in pharmaceutical, food and chemical industries; autocatalyst sales down in USA, up in Europe.

Ariel Industries 'unlikely to hold profit level this year'

TRADING in the first quarter of the current year has been at a low level at Ariel Industries, and as things stand it is unlikely that the group will be able to maintain earnings at last year's level, says Mr. Kenneth Edwards, chairman, in his annual statement.

However, he adds, the directors take a reasonably optimistic view of the future and are determined to ensure that they are ready to take advantage of the upturn when it comes.

Pre-tax profits climbed from £312,949 to £1,035m in the year to March 31, 1980, as already reported.

UK manufacturing industry will inevitably be subject to severe financial pressures with the current annual rate of inflation, Mr. Edwards states. However, the group's policy of maintaining a strong balance sheet ensures that it is well able to stand the strain.

Cash flow is sound and operating units' day-to-day needs can be met while maintaining adequate levels of investment. Spending again topped £1m last year and a similar investment programme is planned for the current period.

The chairman says that with the continuing and widespread decline in home demand for the group's products, more export business will have to be found to maintain output levels.

Although the combined effect of a strong pound and high inflation rate makes this difficult, he adds, the directors believe that even if the short-term profit margins are low, it is vital that the group retains its market shares abroad.

The industrial fastener side of the business—S. and D. Rivet—is still experiencing difficult trading conditions. The current phase of destocking throughout the UK engineering industry has caused the sharpest downturn in demand the group has known for many years, the chairman says. Any increase in new capacity is being severely restricted until prospects improve.

Future prosperity depends more and more upon obtaining a larger share of the European market, and the group is continuing to spend heavily on marketing in that area.

The food closure business at Thomas Hunter has won large contracts from the Middle East for the last few years, but with the political uncertainty in that part of the world, one of the priorities is to develop alternative markets.

The chairman says the NFI development project could prove to be a welcome diversification, and so far the signs are encouraging. The real test will next year when the group is to establish a role for itself in the marketing of horticultural products.

Shareholders' funds were up from £5.43m to £6.29m at the year-end. Meeting, Rugby, August 22, noon.

LONDON TRADED OPTIONS	
Option	Oct. Jan. April
BP	300 58 6 76 348p
BP	350 58 6 76 348p
BP	380 58 6 76 348p
Com. Union	150 7 2 11 15 6 151p
Com. Gold	550 25 2 25 80 606p
Com. Gold	600 12 2 22 15 6 67p
Courtauld	70 6 1 10 15 6 67p
GECC	350 170 2 182 444p
GECC	400 48 2 52 90 68
GECC	450 25 2 46 68
Grand Met.	180 95 1 171 166p
Grand Met.	250 25 1 25 15 6 87p
ICI	350 25 1 25 15 6 87p
ICI	380 25 1 25 15 6 87p
ICI	400 25 1 25 15 6 87p
Land Sec.	325 64 34 78 87p
Land Sec.	350 64 34 78 87p
Land Sec.	380 64 34 78 87p
Marka & Sp.	100 6 2 11 2 51p
Shell	420 24 2 38 4 48 410p
Totals	304 16 21

ADIG GROUP OF FUNDS	
Payable as from the 1st August 1980	
Adirope (European)	Coupon No. 21 Dmks. 1.32
Adirope (Insurance)	Coupon No. 17 Dmks. 1.30
Fondak (German Equities)	Coupon No. 33 Dmks. 1.26
Fondis (International)	Coupon No. 28 Dmks. 1.22
Dividends paid to UK Unitholders are subject to UK Income Tax at the standard rate.	
Coupons may be lodged by Authorised Depositaries during normal banking hours. Coupons will not be accepted by post. This notice appears as a matter of record only, and is not intended as an invitation to purchase. Further information and copies of the Annual Report of the Adig Funds may be obtained from the UK Distributors and Paying Agents:	
CHARTERHOUSE JAPHET LIMITED, 1 Paternoster Row, St. Pauls, London, EC4M 7DH.	



Johnson, Matthey & Co., Limited, 100 High Street, Southgate, London N14 6ET

CURRENCIES, MONEY and GOLD

Dollar strong

The dollar rose sharply in currency markets yesterday to finish at its best level of the day, boosted by a 25 per cent rise in the U.S. index of leading economic indicators in June. This followed a revised fall of 2.3 per cent in May. Demand for the dollar increased during the afternoon after the announcement, although the general undertone had been firm throughout the morning on firmer U.S. interest rates. Against the D-mark, it finished at DM 1.7765 compared with DM 1.7590 on Tuesday, and Swiss franc at Sfr 1.6465 from Sfr 1.6230 in terms of the Swiss franc. The Japanese yen was weaker, but to a lesser extent, and the dollar closed at ¥226.95 against ¥226.90 previously. On Bank of England figures the dollar's trade weighted index rose to 81.1 from 80.4.

Sterling was weaker on a trade weighted basis and lost ground quite sharply against the dollar. After opening at \$2.3490-2.3700, it drifted down to \$2.3640, but then fell rapidly to \$2.3500. Just before the close of business the pound touched a low of \$2.3470-2.3490, and finished at \$2.3450-2.3490, a fall on 22c on the day, and its worst closing level this month. On Bank of England figures sterling's trade weighted index fell to 74.8 from 75.1, having stood at 75.0 at noon.

D-MARK - Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rate differentials. The D-mark was weaker against most currencies at yesterday's fixing in Frankfurt, with sterling higher at DM 4.1750 against DM 4.1640, and the French franc quoted at DM 43.175 per FF 100 from DM 43.12. News of a reduction in West Germany's preliminary cost of living index

for July to show an annualised rise of 5.4 per cent from 6 per cent previously, appeared to have little effect on trading. The U.S. dollar was fixed at DM 1.7621 against DM 1.7514 on Tuesday and traded in a narrow range for much of the morning.

BEIGIAN FRANC - Remaining steady within the EMS despite recent easing of Brussels interest rates, including two cuts in the central bank discount rate in the last month. The Belgian franc was slightly weaker overall in Brussels yesterday, following the latest cut in the central bank discount rate to 12 per cent from 13 per cent. The French franc rose to FF 6.8980 from FF 6.8831 and the D-mark was higher at FF 15.9830 compared with FF 15.9760 previously. The dollar was fixed higher at FF 28.16 from FF 27.99, helped by firmer U.S. interest rates, while sterling rose to FF 66.68 from FF 66.57.

DUTCH GUILDER - Very firm near the top of the EMS, allowing a cut in the discount rate earlier this month. The guilder showed little overall change in Amsterdam yesterday, remaining the second most improved currency within the EMS, behind the French franc. The dollar rose to Fl 1.9225 from Fl 1.9130, while sterling was unchanged at the fixing at Fl 4.5510. The D-mark fell to Fl 1.0910 from Fl 1.0913 but the French franc was firmer at Fl 47.11 per FF 100 against Fl 47.065.

JAPANESE YEN - Showing weaker trend again after a marked recovery on the downward trend in U.S. interest rates. Last year's about energy supplies and balance of payments problems severely depressed the currency. The yen continued to improve against the dollar in Tokyo yesterday, with the U.S. unit quoted lower at the close at ¥226.90 compared with ¥226.90 on Tuesday.

THE POUND SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3470-2.3700	2.3450-2.3490	1.77-1.77c pm	8.79	3.73-3.63 pm	6.27
Canada	2.7370-2.7390	2.7360-2.7380	1.75-1.85c pm	7.45	3.60-3.50 pm	5.18
Nepherd.	4.537-4.571	4.541-4.554	2-2 1/2c pm	7.32	74-76c pm	6.27
Belgium	65.40-65.55	65.45-65.55	65-66c pm	7.79	53-55c pm	2.83
Denmark	12.85-12.95	12.85-12.85	10c pm-1/2c	0.29	54-74c	-2.02
Ireland	1.0500-1.1120	1.0505-1.0995	0.05c pm-par	0.27	0.28-0.23 pm	0.82
W. Ger.	4.16-4.18	4.17-4.18	2 1/2-2 1/2c pm	8.98	84-74c pm	7.54
Portugal	112.20-112.40	112.50-112.70	55-56c pm	3.29	58pm-54c	-0.10
Spain	168.00-168.65	168.05-168.20	34-35c die	-4.28	234-224 die	-8.84
Italy	1.952-1.974	1.953-1.965	5-8 lire die	-3.97	35-38 die	-7.43
Norway	4.40-4.41	4.40-4.41	5-7c ore pm	8.48	17-15c	2.76
France	9.58-9.70	9.58-9.68	0-1/4c pm	4.68	85-81c	3.72
Sweden	9.71-9.82	9.71-9.73	24-24c pm	4.01	4-3c	1.47
Japan	530-540	533-534	2.00-1.50c pm	4.05	4.25-3.85 pm	3.04
Austria	28.40-28.55	28.45-28.55	17-15c ore pm	8.51	37-32c	4.71
Switz.	3.53-3.58	3.53-3.57	3 1/2-2 1/2c pm	10.08	10-9 1/4c	10.47

Belgian rate is for convertible franc. Financial franc 66.50-66.60. Six-month forward dollar 5.15-5.05c pm, 12-month 7.00-6.90c pm.

THE DOLLAR SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.K.	2.3470-2.3700	2.3450-2.3490	1.77-1.77c pm	8.79	3.73-3.63 pm	6.27
Ireland	2.1140-2.1235	2.1140-2.1150	1.80-1.70c pm	9.88	4.0-4.00 pm	7.60
Canada	1.1830-1.1869	1.1848-1.1849	0.08-0.11c die	-0.80	0.28-0.28c die	0.84
Nepherd.	1.9200-1.9340	1.9200-1.9340	0.08-0.18c die	-0.81	0.12-0.02 die	0.14
Belgium	28.10-28.32	28.10-28.32	4-10c die	-4.15	23-24c	-1.30
Denmark	5.4415-5.4510	5.4440-5.4455	4-4c ore die	-9.37	11-12 die	-8.63
W. Ger.	1.7600-1.7770	1.7600-1.7770	0.08-0.03c pm	0.37	0.85-0.60 pm	1.41
Portugal	4.870-4.900	4.870-4.900	1.12-1.22c die	-3.43	2.30-2.25c die	-0.54
Spain	71.37-71.58	71.40-71.53	75-85c die	-5.59	55-105 die	-12.87
Italy	832.00-832.80	832.10-832.40	12-14 lire die	-18.74	33-38 die	-16.58
Norway	4.8470-4.8508	4.8470-4.8480	0.20c orepm-0.30c	-0.12	0.40-0.30c	-0.54
France	4.870-4.900	4.870-4.900	1.12-1.22c die	-3.43	2.30-2.25c die	-0.54
Sweden	4.1312-4.1405	4.1350-4.1360	1.55-1.55c ore die	-5.08	5.00-5.20c die	-4.93
Japan	226.70-227.00	226.90-227.00	0.00-0.85c die	-4.63	1.70-1.85c die	-3.13
Austria	12.40-12.55	12.45-12.55	2.30-2.30c ore die	2.50	4.50-4.50c die	1.72
Switz.	1.5200-1.5495	1.5460-1.5470	0.84-0.50c pm	4.48	1.80-1.70 pm	4.26

U.K. and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 30	Bank of England Index	Morgan Guaranty Changes
Sterling	74.8	-31.9
U.S. dollar	84.4	-8.9
French franc	80.8	-2.2
Austrian schilling	157.5	+25.5
Belgian franc	115.1	+14.5
Danish kron	107.7	+10.7
Deutsche mark	155.6	+45.6
Swiss franc	138.4	+78.4
Guilder	182.1	+80.4
French franc	108.1	-5.1
Lira	123.4	-53.3
Yen	125.4	-53.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index = 100).

CURRENCY RATES

July 29	Bank rate	Special Drawing Rights	European Currency Unit
Sterling	16	0.56895	0.605654
U.S. \$	10	1.38235	1.43782
Canadian \$	10.16	1.33202	1.41456
Austrian S.	8	5.64773	17.5793
Belgium F.	13	37.0472	40.2770
Danish K.	12	17.4744	18.6667
Deutsche M.	7	2.31772	9.52132
Guilder	9	3.53157	2.75185
French F.	15	6.53742	6.94547
Yen	15	1096.38	1195.31
Norwegian Kr.	9	301.327	325.819
Spanish Ptas.	8	6.39059	6.94756
Swedish Kr.	10	5.47338	5.93955
Swiss Fr.	2	2.15486	2.32108

OTHER CURRENCIES

July 30	£	¢	Note Rates
Argentina Peso	4437.4457	1978-1985	89.40-89.70
Australia Dollar	2.0255-2.0395	0.6585-0.6650	86.40-87.15
Brazil Cruzeiro	125.53-127.65	53.68-53.89	8.56-11.24
Finland Markka	6.534-6.543	5.6940-5.6950	9.65-9.68
Greek Drachma	101.531-101.587	42.70-42.85	4.16-4.19
Hong Kong Dollar	11.65-11.65	4.9340-4.9350	18.00-20.00
Iran Rial	n.a.	n.a.	825-840
Kuwait Dinar	0.631-0.637	0.3675-0.3678	4.55-4.56
Malaysia Dollar	2.0775-2.0775	2.1540-2.1560	1.45-1.46
New Zealand Dollar	2.4030-2.4080	1.0215-1.0230	163-170
Saudi Arabia Riyal	5.0110-5.0210	2.1250-2.1260	3.58-3.58c
Singapore Dollar	1.7970-1.7985	0.7610-0.7615	2.562-2.578
Sth. African Rand	8.71-8.77	5.6875-5.6900	65-68
U.A.E. Dirham	n.a.	n.a.	n.a.

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates July 30	Currency amounts against ECU July 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	38.7897	40.3069	+1.30	+0.40	+1.53
Danish Krona	7.72336	7.75480	+0.52	+0.02	+1.64
German D-Mark	2.32226	2.52295	+1.63	+0.73	+1.125
French Franc	5.84709	5.83325	+0.11	+0.79	+3.557
Dutch Guilder	2.78321	2.75322	+0.34	+0.56	+1.511
Irish Punt	0.68321	0.67038	+0.41	+0.49	+1.658
Italian Lira	1197.12	1191.03	+2.87	+2.25	+4.08

Changes are for ECU, therefore positive change denotes a decrease in value of the national currency against the ECU.

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 30	Pound Sterling	U.S. Dollar	Deutsche Mark	Japan's Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	2.349	4.175	333.5	9.550	3.858	4.548	1984	2.759	66.50
U.S. Dollar	0.426	1	1.778	227.2	4.109	1.647	1.936	835.3	1.166	28.32
Deutsche Mark	0.240	0.565	1	137.5	2.311	0.926	1.089	470.4	0.656	15.95
Japanese Yen 1,000	1.874	4.402	7.262	1000	18.09	7.349	8.524	3681	5.133	124.5
French Franc 10	1.036	2.454	4.386	559.5	10	4.008	4.712	2035	2.838	68.81
Swiss Franc	0.259	0.607	1.090	137.9	3.495	1	1.176	507.8	0.708	17.19
Dutch Guilder	0.220	0.518	0.919	117.5	3.122	0.850	1	431.9	0.602	14.62
Italian Lira 1,000	0.509	1.196	2.186	871.6	4.913	1.969	2.315	1000	1.394	33.96
Canadian Dollar	0.265	0.689	1.285	194.8	3.594	1.412	1.661	717.2	1	24.28
Belgian Franc 100	1.504	3.532	6.278	602.3	14.51	5.816	6.838	2955	4.118	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 30)

3 month U.S. dollars	6 month U.S. dollars
bid 9 1/2 offer 9 5/8	bid 9 15/16 offer 9 15/16

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	20-20 1/4	9-9 1/4	10-12	9 1/4-10	20-25	8 1/4-8 1/2	12-14	70-100	9 1/4-9 1/2	13 1/4-13 1/2
7 days notice	17 1/2-18 1/2	9 1/4-9 1/2	10-12	9 1/4-10	20-25	8 1/4-8 1/2	12-14	30-37	9 1/4-9 1/2	13 1/2-13 3/4
1 month	18 1/2-19 1/2	9 1/2-9 3/4	10 1/2-10 3/4	9 1/2-10 1/2	20-25	8 1/2-8 3/4	12 1/2-13 1/2	37-42	9 1/2-9 3/4	13 3/4-14 1/4
3 months	19 1/2-20 1/2	9 3/4-10	10 3/4-10 3/4	9 3/4-10 1/2	20-25	8 3/4-9	13 1/2-14 1/2	42-48	9 3/4-10	14 1/4-14 3/4
6 months	20 1/2-21 1/2	10-10 1/4	10 3/4-10 3/4	9 3/4-10 1/2	20-25	9-9 1/4	14 1/2-15 1/2	48-55	10-10 1/4	14 3/4-15 1/4
One Year	21 1/2-22 1/2	10 1/4-10 1/2	10 3/4-10 3/4	9 3/4-10 1/2	20-25	9 1/4-9 1/2	15 1/2-16 1/2	55-65	10 1/4-10 1/2	15 1/4-15 3/4

Long-term Eurodollar two years 10 1/4-10 1/2 per cent; three years 10 1/2-11 per cent; four years 11 1/2-11 3/4 per cent; five years 11 3/4-12 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.00-9.10 per cent; three-months 9.20-9.30 per cent; six months 9.25-9.35 per cent; one year 9.40-9.50 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

The Belgian National Bank has reduced its discount rate and Lombard rate by 1 per cent to 12 per cent, and also cut the special Lombard rate by 1 per cent to 13 per cent. These moves follow the recent trend in domestic and foreign interest rates. Belgian Treasury bill rates were lowered to 13 per cent on Tuesday, and have fallen by about 4 per cent in the last four months. The authorities have been able to cut interest rates as a result of the downward trend in the U.S. and a slight easing of monetary policy by other European countries such as Germany and the Netherlands, and the steadiness of the Belgian franc in the European Monetary System.

In Frankfurt money market rates showed little change on the day that the Bundesbank announced the result of its 25-day sale and repurchase scheme to add liquidity to the banking sector. Bids from the banks totalled DM 19bn, and the amount accepted by the authorities was DM 5.4bn, compared with an estimated ceiling of DM 5bn when the announcement of the terms was made on Monday.

In Amsterdam interest rates declined as speculation in-

creased about the possibility of another cut in the Netherlands central bank discount rate, although it is only two weeks since the last reduction.

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980). The supply of day-to-day credit was somewhat improved in the London money market yesterday, with the authorities giving assistance on only a large scale, compared with the exceptional help on Monday and Tuesday. The Bank of England bought a small number of Treasury bills and local authority bills from the discount houses, and lent a large amount to four or five houses, overnight at Minimum Lending Rate.

Banks brought forward large surplus balances, and moderate government disbursements exceeded revenue payments to the Exchequer. On the other hand

GOLD

Weaker trend

Gold fell \$18 an ounce in the London bullion market yesterday to close at \$624.63. Trading in the morning was rather quiet but picked up during the afternoon soon after the opening of New York. The metal touched a high before the morning fixing of \$637-639, but fell to \$627-629 during the afternoon. Later

in New York it was quoted lower at \$624-626.

In Paris the 12 1/2 kilo bar was fixed at FF 83,800 per kilo (\$637.56 per ounce) compared with FF 84,100 (\$641.35) in the morning and FF 84,500 (\$646.79) on Tuesday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM 36,080 per kilo (\$637.33 per ounce) against DM 36,425 (\$646.97) previously, and closed at \$629-632 per ounce compared with \$645-648.

In Zurich gold finished at \$629-632 against \$646-649 previously.

July 30	Gold Bullion (fine ounce)	July 29
Close	\$629.632	\$647.650
Opening	\$634.857	\$646.649
Morning fixing	\$646.510	\$647.595
Afternoon fixing	\$629.632	\$646.75
Gold Coins		
Krugerrand	\$644.647	\$659.871
Mapleleaf	\$640.643	\$655.667
New Sovereigns	\$159.160	\$164.165
King George	\$159.160	\$164.165
Victoria	\$159.160	\$164.165
French 50c	\$161.164	\$164.167
50 Cent. Austria	\$659.871	\$659.871
200 Eagles	\$755.760	\$766.770
20 Eagles	-	-

repayment was made of the exceptionally large amount borrowed on Tuesday.

Discount houses paid 16 per cent for secured call loans at the start, with closing balances taken at 15 1/2 per cent. In the interbank market overnight loans opened at 19-20 per cent, but fell to 15-15 1/2 per cent.

Companies
and Markets

INTERNATIONAL COMPANIES and FINANCE

Higher first-half business volume at Credit Suisse

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, the last of the big three Swiss banks to unveil its interim progress report, has had a successful start to the year and expects gratifying results for 1980 as a whole.

The profits situation to date is described as good with the bank experiencing high business volume in all areas coupled with a further rise in client numbers, both at home and abroad.

Credit Suisse's business experience mirrors that of its two main rivals. Swiss Bank Corporation reported "good" first half operating profits, while Union Bank of Switzerland had "generally higher" second quarter earnings.

For calendar 1979 Credit Suisse's net profits rose by 12 per cent to SwFr247m (\$153.4m) after a 16 per cent increase in the balance sheet total to a record SwFr 52.25bn. By mid-1980 the bank's balance sheet total had expanded further to SwFr 58.6bn (\$36.39bn) despite a second-quarter drop of SwFr 1.8bn caused by exchange rate conditions and a fall in inter-bank business.

Also in the first half, the amount due to customers was higher by some SwFr 2.2bn and the loans total increased by about the same amount. At the end of June, loans outstanding topped SwFr 30bn for the first time ever.

Meanwhile, Swiss Volksbank of Berne, reports a balance sheet total at mid-year of SwFr 16.96bn (\$10.53bn). This compares with SwFr 15.21bn at the end of 1979 and SwFr 16.51bn as of March 31. The bank said interest rate margins narrowed further in the second quarter after a continued decline in saving deposits, which had to be replaced by medium-term notes carrying a considerably higher interest rate.

However, earnings from business not being reflected in the balance sheet total, such as deposit banking, were "satisfactory and above the year-ago level."

Nissan Motor lifts group profit by 171%

By Charles Smith in Tokyo

NISSAN MOTOR COMPANY, Japan's second largest car manufacturer, has announced consolidated sales of Y3,304bn (\$14.6bn) for the 12 months to March 31, up 24.4 per cent from a year earlier. Sales exceeded Y3,000bn for the first time.

Nissan also achieved a spectacular 171 per cent increase in its operating profits to Y230.3bn (\$1bn). Net profits were up 58.8 per cent to Y106.1bn.

The company's sales increased 15 per cent in volume terms to 226m units during the 12 months. Profitability was enhanced by the depreciation of the yen which gave it larger than expected earnings from its overseas sales. In the current year the company expects a further increase in sales.

Nissan's results include 44 consolidated subsidiaries and 23 affiliates reported on an equity basis. Among the subsidiaries are two Australian companies, and one each in the U.S., Canada and Mexico. Nissan, the maker of Datsun cars, in May announced an increase of 52 per cent to Y183bn in operating profits for 1979-80, on a parent company basis, together with a gain of 33.6 per cent to Y87.46bn in net profit at this level, on a sales rise of 18.7 per cent to Y2,738.9bn.

Higher prices raise income at Nippon Oil

By Yoko Shibata in Tokyo

EARNINGS of Nippon Oil, Japan's largest oil company, and its six consolidated subsidiaries rose strongly in the year to March 31, helped by higher prices for oil products. The company has a refining tie-up with Caltex, a partnership of Texaco and Standard Oil of California.

Nippon Oil's consolidated net profits soared by 172.6 per cent to Y22.66bn (\$100m) on sales 60 per cent higher at Y3,114 (\$13.7bn). The company's consolidated net profits were 103 per cent higher than the non-consolidated profit of Y11.1bn. Per share profits rose to Y35.51 from Y14.33 a year earlier.

The upsurge of sales was mostly the result of the higher oil prices. The company refined oil product prices seven times higher during the year and increased sales of products with higher profit margins such as petrol and light and heavy oil.

Bandar Raya land purchase

By Wong Sulong in Kuala Lumpur
BANDAR RAYA Developments, a property development company actively traded on the Kuala Lumpur stock exchange, has announced the purchase of 34 acres of prime commercial property in Malacca State in a deal worth 25m ringgit (\$11.68m).

The company is to pay 11.8m ringgit in cash and issue 6m new Bandar Raya shares to the two vendors.

The company said approval has been received from the authorities for the building of 248 shophouses and 10 commercial complexes on the land.

Banco de Chile

U.S. \$35,000,000

Floating Rate Notes due 1986

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 10 1/2% per annum. The Coupon Amount will be U.S.\$51.79 in respect of U.S.\$1,000 denomination and U.S.\$517.98 in respect of U.S.\$10,000 denomination and will be payable on 30th January, 1981, against surrender of Coupon No. 3.

31st July, 1980
Manufacturers
Hanover Limited
Reference Agent

Sir Yue-kong Pao changes his flagship

BY PHILIP BOWRING IN HONG KONG

SIR YUE-KONG PAO, the shipping magnate, is changing his flagship. In another reshuffle of interests between Sir Yue-kong's private and public companies, it has been announced that World International (Holdings) is to acquire from Pao family interests a 45 per cent stake in Eastern Asia Navigation. The cash deal involves 86,58m shares at HK\$6.20 each, making a total consideration of HK\$538m (U.S.\$110m).

Hitherto, Eastern Asia Navigation has been the largest quoted part of Sir Yue-kong's world-wide shipping empire. But this acquisition by World International, which is also a listed company, coming on top of recent purchases of Pao group ships and 30 per cent of the Hongkong and Kowloon Wharf and Godown Company will make it somewhat the larger in terms of earnings, and very much the larger in terms of assets.

The deal also means that there has been a reversal of World International's recent swing away from being strictly a shipping concern, towards asset-growth rather than earnings-based investment. It remains to be seen, however,

whether World also acquires the 19 per cent of the Wharf that Pao interests acquired last month in the dramatic HK\$2bn (over US\$400m) raid that gave Sir Yue-kong a 49 per cent grip on the land-rich Wharf company.

World International has acquired the Eastern Asia shares at only a small discount on the market, but at a price earnings ratio of only six. By contrast, last month Pao paid 59 times earnings for the additional 19 per cent of Wharf. Wharf shares are now 25 per cent below this peak price.

Until April, World International (Holdings) was very much Eastern Asia's small brother. Then it announced it was acquiring 28.5m shares (approaching 30 per cent) in Wharf from Pao group interests, at HK\$55 a share, and Wharf warrants, for a total consideration of HK\$1.57bn, mostly satisfied by the issue of World International shares to Pao companies.

World also acquired six ships from Pao companies with a net value of HK\$320m for a mixture of shares and cash. To finance the cash parts of the deals, World made a rights issue to raise HK\$225m.



STRONG PROFIT GROWTH CONTINUES FOR CSR

Items from CSR Limited's Annual Report for the year ended 31 March 1980

The CSR group consolidated profit before tax and minority interest was \$US161 million, up 43% on the previous year. Earnings after tax and before extraordinary items were \$US90 million, 29% more than last year.

CSR shares on issue and shareholders' funds increased significantly. Shares were issued by a one-for-four rights issue (May 1979) and in exchange for shares in Thiess Holdings, Western Collieries, and Haughton Sugar (now each wholly owned). A further one-for-five issue was announced in March 1980.

	1980	'80 on '79
	\$US million	% increase
Group revenue	1572	39
Profit before tax	161	43
Profit after tax	90	29
Extraordinary items	22	
Issued capital (year average)	196	35
Shareholders' funds (year average)	804	36
Total assets	2291	64
Return on shareholders' funds (year average)	11.2%	

Summary by operating divisions			
	Sales	Profit	Return on year end shareholders' funds
	\$USm	\$USm	%
Sugar	581	36	15.5
Building materials	227	19	9.2
Minerals & chemicals	664	33	19.5
	1572	90	9.0

OPERATIONS

- Profits from raw sugar milling doubled mainly due to the strong recovery of world market prices
- Industrial chemicals, distilleries, pastoral properties and rural agencies all recorded strong profit increases, due mainly to better commodity prices
- Most building materials made profits but demand was uneven
- Significant price increases were negotiated for iron ore
- Prices for tin and copper increased
- Thiess coal mines operated profitably in the three months following acquisition.

THE FUTURE

- CSR's significant strength for the 1980s is the number of major resource projects it has available for development.
- Growth in coal opportunities is dramatic, based on increasing world demand for both coking and steaming coal. Existing operations in Queensland will be expanded and, when marketing arrangements are complete, new projects will begin
- CSR's first entry into aluminium smelting at Tomago, New South Wales is virtually committed. Further smelting opportunities are being sought
- CSR has a large and attractive resource of high grade iron ore at Yandicoogina awaiting development
- Oil price increases open possibilities for profitable production of ethanol from sugar cane
- The outlook for building materials in Australia is improving in the short term and offshore marketing and production opportunities are appearing.



CSR LIMITED
1 O'Connell Street
Sydney Australia
Exchange rate \$A1 = \$US1.16

CSR89

Recovery seen at Alfa Romeo

MILAN — Alfa Romeo told the annual assembly that a turnaround should be achieved by 1984.

The chairman of the state-controlled car maker told the assembly the company loss for 1979 narrowed to L54.9bn from L83.78bn, while turnover rose 18.54 per cent to L1,390bn. Output declined to 207,600 in 1979 from 219,500.

In the first half of 1980 Alfa Romeo sales amounted to 117,300 cars against 117,300 in 1979.

Uddeholm expects growth

BY WESTERLY CHRISTNER IN STOCKHOLM

UDDEHOLM, the Swedish special steel and power generating group, expects an improved result for this year compared with 1979, according to its first half year report—despite an estimated Skr 30m (\$7.5m) cost from the labour disruption in May and June.

However, increased price competition and an expected general economic downturn are expected to influence the group's result for the remaining half. Group sales for the first six months of 1979 were Skr 1.8bn, a 16 per cent increase compared with the same period last year.

Included in that amount was invoicing for group steel activities, which reached Skr 1.67bn, ahead by Skr 225.6m.

Although no gross profit figure was given for the period, Uddeholm had reported a Skr 82m profit after financial income and costs for the first quarter from January to April. This represented a Skr 63m improvement over the same period in 1979.

CELANESE MEXICANA, S.A.

U.S. \$90,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY
CHASE MERCHANT BANKING GROUP

PROVIDED BY
BANK OF AMERICA NT & SA
BANKERS TRUST COMPANY
THE CHASE MANHATTAN BANK, N.A.
CITICORP INTERNATIONAL BANK LIMITED
CROCKER NATIONAL BANK
MANUFACTURERS HANOVER TRUST COMPANY
REPUBLIC NATIONAL BANK OF DALLAS, NASSAU BRANCH
SAUDICI INTERNATIONAL BANK (AL-BANK AL-SAUDI AL-ALAMI LIMITED)
SECURITY PACIFIC

AGENT
THE CHASE MANHATTAN BANK, N.A.

JUNE 26, 1980



GENOSSENSCHAFTLICHE ZENTRALBANK
AKTIENGESELLSCHAFT
Vienna

U.S. \$25,000,000 Floating Rate
Notes Due 1981

For the six months
31st July, 1980 to 30th January, 1981
the Notes will carry an
interest rate of 10 3/8 per cent. per annum.

Listed on the Luxembourg Stock Exchange.
By: Morgan Guaranty Trust Company of New York, London
Agent Bank

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.

on January 1, 1980: US\$48.39

on July 28th, 1980: US\$58.06

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V.,
Herengracht 214, Amsterdam.

VONTBEL EUROBOND INDICES
145.76 = 100%

PRICE INDEX		22.70	29.70	AVERAGE YIELD		22.70	29.70
DM Bonds	86.96	97.33		DM Bonds	8.203	8.137	
HFL Bonds & Notes	95.06	95.54		HFL Bonds & Notes	9.610	9.537	
U.S. \$ Strt. Bonds	92.38	92.35		U.S. \$ Strt. Bonds	10.784	10.788	
Can. Dollar Bonds	94.12	94.01		Can. Dollar Bonds	11.266	11.289	

\$220,000,000
Revolving Credit and Letter of Credit Facility
Bath County Hydroelectric, Inc.

a special purpose company formed to
issue commercial paper and make loans to

The Bath County Hydroelectric Trust

a construction trust established by

Virginia Electric and Power Company

Credit Facility Managed by and
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July 2, 1980

FINANCIAL TIMES SURVEY

Thursday July 31 1980

Refurbishing

About £5bn will be spent in the UK this year on restoration and improvement of buildings, providing opportunities for a huge range of services and products. A complete overhaul is a relatively easy way of making modern commercial or industrial accommodation available, and a means of saving unique buildings which would otherwise be lost.

Premium on value for money

By Lorne Barling

IT IS GENERALLY believed that at times of economic recession the one sector of the building industry which does not suffer is refurbishing and renovation, since funds which would normally be spent on new buildings are often redirected into improving older ones.

There is evidence that this is happening now and few companies engaged in these activities appear to be short of work, notably in the City and London area generally. However, most companies—particularly the medium-sized—are experiencing tough competition on price.

Many believe this is due to the major building contractors moving their resources into this active sector of the market while there is a dearth of big construction contracts, enabling them to keep their labour force intact until total demand improves.

The overall concept of improving existing buildings is also enhanced during difficult

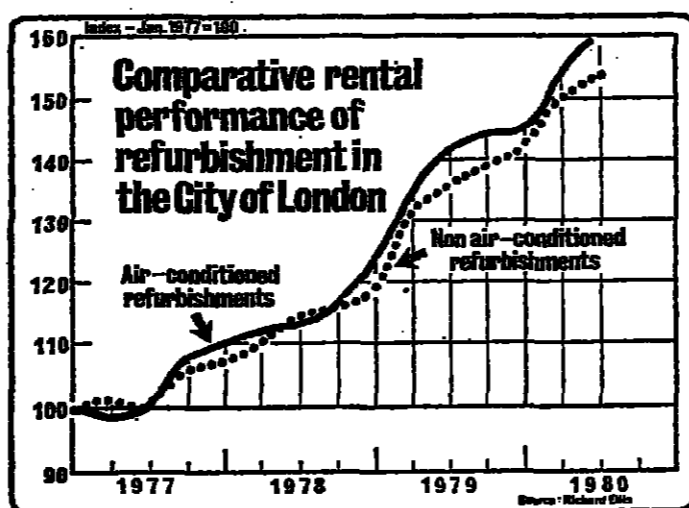
times by the need to get value for money. With inflation and high interest rates rapidly pushing up building costs, and company liquidity under pressure, a complete face-lift on an old building is a relatively easy way of providing modern commercial or industrial accommodation.

The rapid growth of refurbishing originated in the collapse of the property market in 1972-73 and the consequent slowdown in speculative development; and although the present situation is different in many ways the suddenness of the recession has created some similarities.

Companies operating in the United Kingdom refurbishing sector can be divided into two categories: the divisions or subsidiaries of the major construction concerns such as Wimpey, Laing, Bovis and Taylor Woodrow; and the medium to smaller companies which often specialise in a particular type of job, or work mainly in the large provincial centres. The major companies are often active in many parts of the country.

In the regions, particularly main industrial areas such as the West Midlands, demand for well refurbished industrial space held up fairly well in the early part of the year considering the problems of manufacturing industry, but future success depends largely on the ability of developers to provide the type of factory that expanding companies require.

The London area, however, remains the most active and lucrative for a great variety of



work, including the restoration of historic buildings, major office jobs, shops, restaurants, flats and hotels. One of the most active companies in London is John Lelliott, which is now carrying out its 13th job for McDonalds, the hamburger chain, an EEC conference centre, and a host of other contracts ranging in price up to £1.6m.

Research

The increasing importance of refurbishing, which significantly now extends to more recent buildings such as those built in the 1960s and even the early 1970s, has also sparked off more research, notably by the chartered surveyors Richard Ellis.

Looking at the simultaneous use of redevelopment and re-

furbishing during the late 1970s as a means of creating new office space, Richard Ellis points out that while the annual completion rate of refurbishments has been far greater than that of redevelopments, the former accounted for only half the square footage of the latter.

It is also clear that the size of a development has been an important factor when premises are offered on the open market. Since 1974 the evidently preferred unit size for refurbishments has been under 30,000 square feet, while the pattern for redevelopment completions has shown that there is no particular unit size preference.

Since 1977, air-conditioned refurbishments have, predictably, outperformed those without it. While rents moved little during 1977, and increased by

10.6 per cent during 1978, there was a marked improvement in rental performance in 1979, with air-conditioned refurbishments increasing by 15 per cent during the first half of the year, compared with 13 per cent for modern air-conditioned buildings.

Reacted

Richard Ellis says that these rental performances were based on a cross-section of recordings for selected properties in varying locations, hence rents for some properties will have reacted more dramatically on particular occasions, showing increases over a three-month period of up to 18 per cent.

The levels of supply and take-up of refurbished space during 1977 and 1978 were in virtual balance, with a temporary excess of supply in the latter half of 1978, and the growth in rents was just ahead of inflation. But the beginning of last year demand began to outstrip supply and grew as the year progressed.

Rents for refurbishments are estimated to have risen by 15 per cent in the first half of the year, with the level of growth tailing off towards the latter half. In the opening months of this year rents have again risen sharply, apparently reacting to the widening deficit.

"As to the future, there seems to be fewer and fewer opportunities for major redevelopment as conservation orders are increasing within the City," Richard Ellis says. "Standards of upgrading now offer tenants prestige accommodation in

favourable locations in the City and this, together with the lower asking rents recorded in our rent survey for refurbishments, will ensure that high-quality refurbishments can be offered as a realistic development alternative."

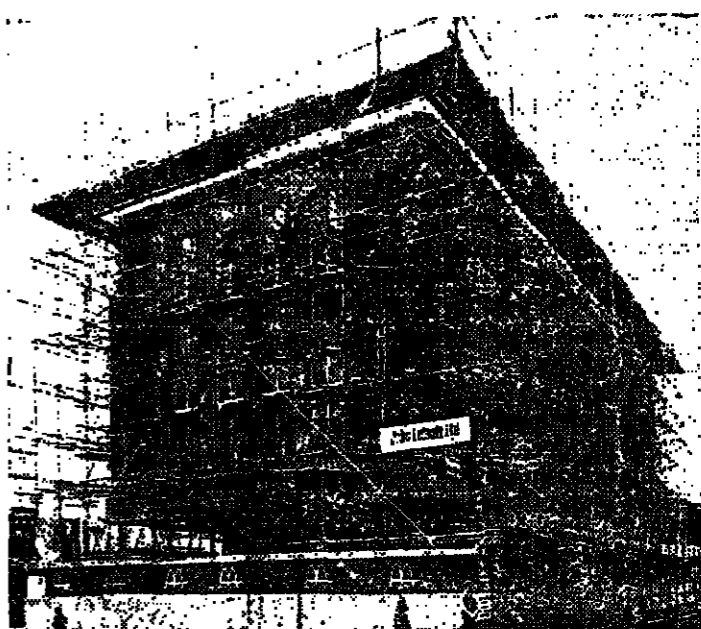
But there are numerous factors that have to be taken into account where a choice is faced between the two alternatives. Those in favour of refurbishment relate, in general, towards lower cost and time-saving.

Whether a refurbishment project affects only the interior of a building, or requires some external changes, the planning authority involvement is likely to be far less complicated and time-consuming than for a complete redevelopment.

On the other hand, many older buildings were not designed to take modern office floor loadings, and where gutting of an interior leaves only the external shell of the building refurbishment is often more expensive than a new building of equal size. Listed buildings often demand this solution, however.

But many older buildings, particularly in the City, have plot ratios (ratio of gross building area to area of site) well in excess of current limits despite thick external walls, and may still provide a higher net floor area than a new building.

Some recent changes in planning principles, Richard Ellis points out, can aid refurbishment. In central London in the 1950s and 1960s authorities demanded the provision of high levels of private parking



New restaurants and retail outlets are an important source of work for contractors. This building in Peckham, South London, has been completely gutted and will be fitted out as a McDonald's hamburger restaurant and offices

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within any new scheme. Today, however, private parking in central areas is actively discouraged and basement parks can sometimes be converted to more profitable office uses.

Buildings erected before 1948 enjoy a right to compensation if a local authority refuses to allow a 10 per cent addition in volume or area, which is a valuable asset when refurbishing. Buildings of pre-war or earlier periods often have high floor-to-floor dimensions, allowing the insertion of a mezzanine floor and providing valuable additional space.

Cheap fuel

Many offices put up in the 1950s and early 1960s are now major candidates for refurbishing, since they were often built to modest standards to give the developer a maximum return and had minimal insulation at a time of cheap fuel.

"The general distaste of the public and authorities to this

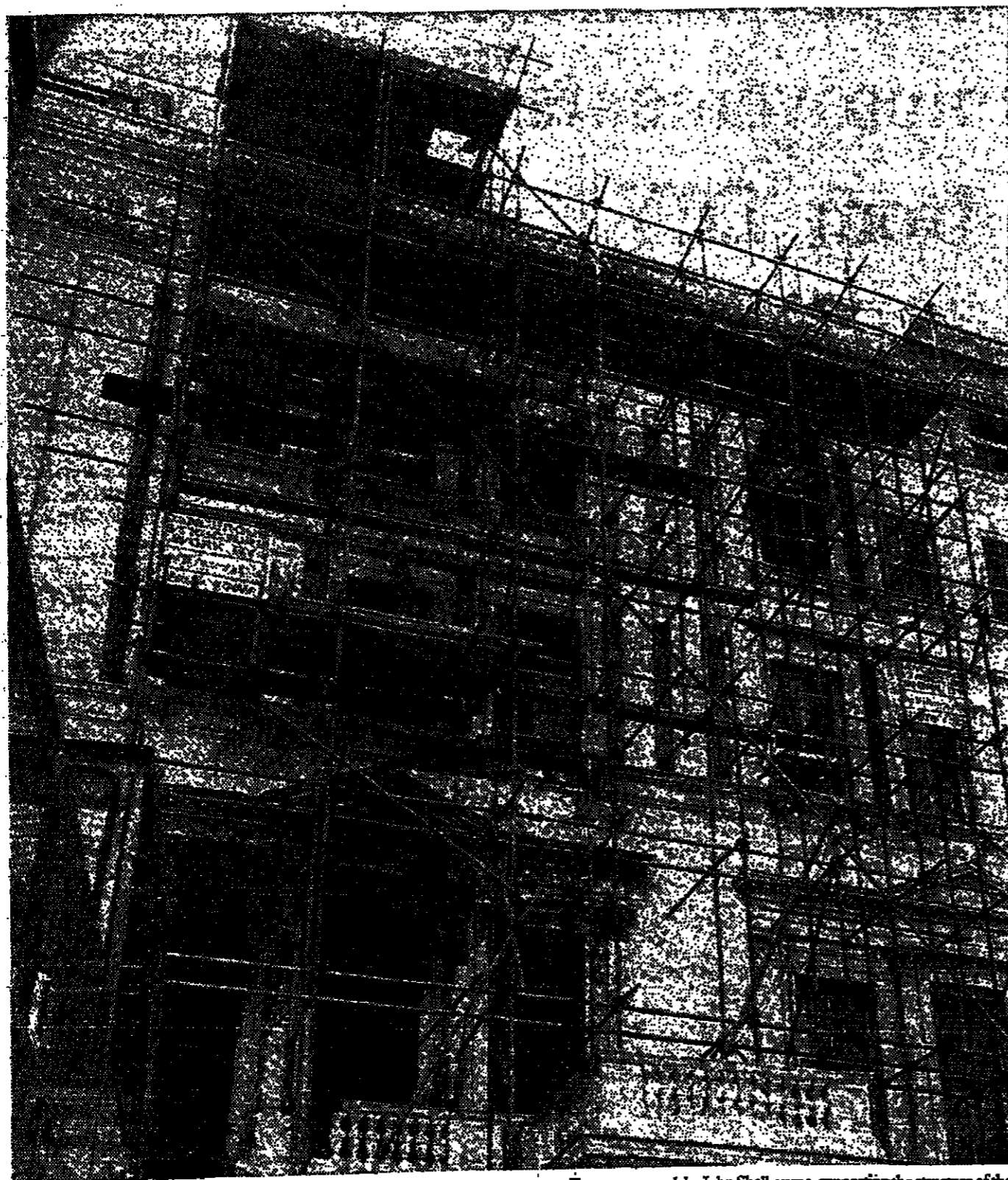
type of building usually means a sympathetic reaction to proposals for external improvements and thereby a quicker and easier passage through the planning machinery," according to Richard Ellis.

On balance the case for refurbishing is particularly strong in certain circumstances such as those described above, and with imaginative planning can be highly effective, but this obviously is not the answer in all cases.

However, at a time when economy is of great importance and refurbishing techniques constantly improving, public opinion is also moving in favour of making the best use of existing buildings.

The best example of this is the great success of the scheme for renovating and improving the historic central market hall in Covent Garden to provide London's newest and most attractive shopping precinct, which has had wide acclaim.

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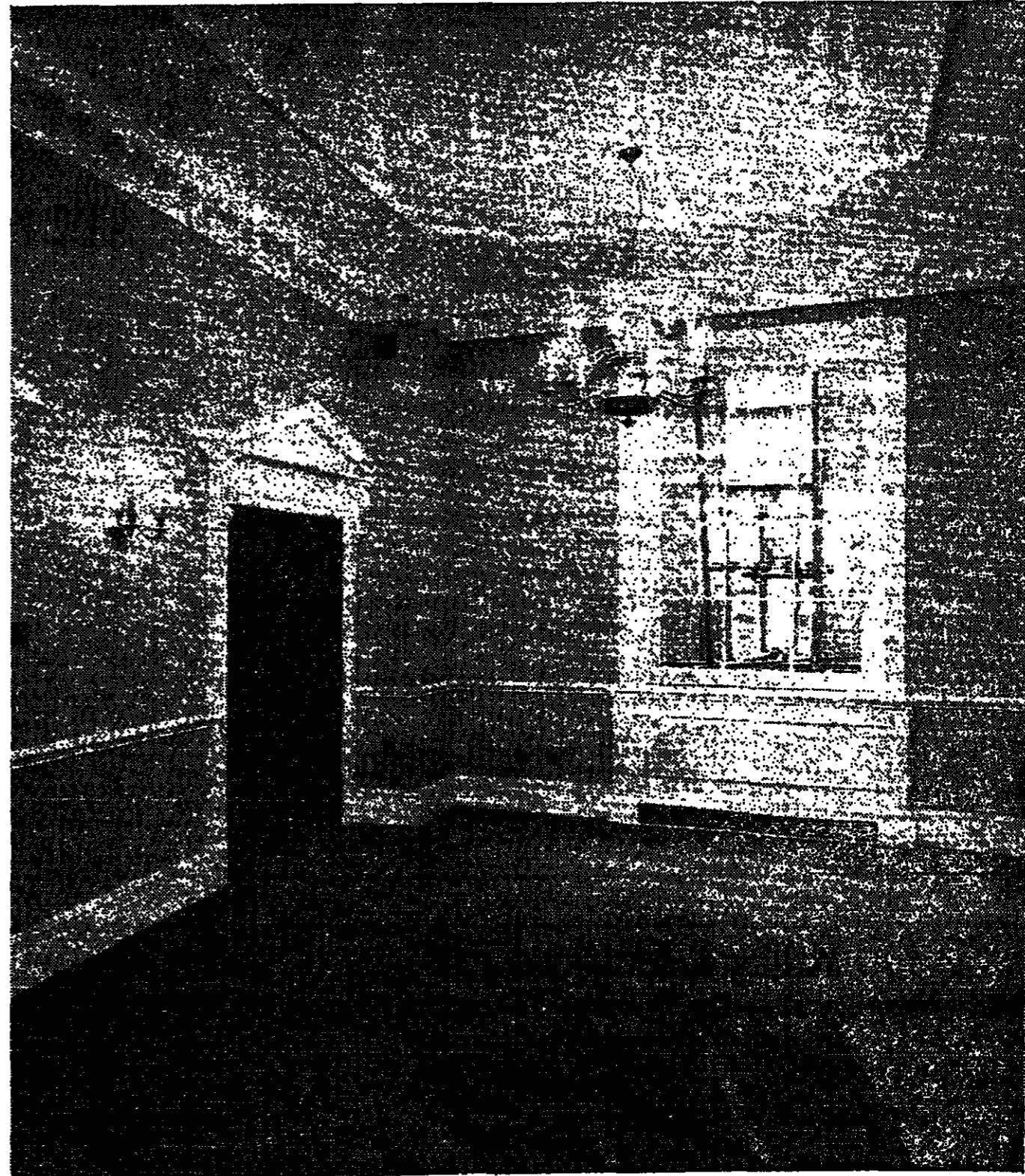
Emergency work by John Shelbourne, supporting the structure of the Iranian Embassy, for the Westminster City Council.

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Liaison the key to success

THOSE INVOLVED in the refurbishing of offices, whether as an alternative to new building or redevelopment, are often faced with a few surprises in relation to costs. Although the option they have taken may be the least expensive, it seldom turns out to be cheap.

However, many companies which specialise in refurbishment work urge their clients not to cut corners on spending because it is often a false economy. The cost of refurbishment usually ranges from around £30 a sq ft to as much as £100 on specialised work.

A good overall guide to refurbishment costs has come from E. C. Harris & Partners, chartered quantity surveyors, who point out that in a new building about 35 per cent of the cost is on foundations and structure, 20 per cent on internal sub-divisions and finishes, 35 per cent on services and 10 per cent on ancillary works such as drains.

As a percentage of new building costs, the comparative figures for refurbishment are: foundations and structure 5 per

cent, internal sub-divisions and finishes, 15 per cent, services 35 per cent, and a 10 per cent refurbishment on-cost, amounting to a total of 60 per cent of new build costs.

Mr. Douglas Pritchard, senior partner of E. C. Harris, said: "Generally speaking, clients are inclined to be surprised at the relatively high costs involved in refurbishment and renovation."

"When a building is refurbished, there is often a re-distribution of space, considerable work to finishes and decor, and almost certainly the complete modernisation of services. To produce viable economic solutions to refurbishment projects, it is essential to avoid interference with the structure of the building where possible."

But it is the nature of refurbishing work which tends to make it expensive. Unlike new buildings, where work is tackled in an orderly sequence, with materials flowing on to the site according to a pre-arranged plan, refurbishment procedures must differ according to the type of job.

Often the work is carried out while offices are partially occupied, with limited storage space for materials, poor crane or lifting facilities and much of the work having to be done in an illogical sequence.

The key to successful refurbishment work is close liaison between the architects and planners, and an experienced contractor who has a labour force of skilled men. Refurbishment is generally more labour intensive than new building, and shortages of qualified men are often a problem.

Electrical and heating work usually accounts for 18 to 30 per cent of the cost of refurbishment, and clients are usually urged to go for completely new systems, where necessary, rather than incur later expense by having to replace old cable or radiators.

Another additional cost is often created by the need to match up existing fittings, such as joinery and windows, or the need to install high-quality double glazing and other insulation. On the other hand, this is usually more than recovered by savings on heating, or in the rent which can be charged subsequently.

One contractor, Miller Buckley, firmly believes that good-quality work pays for itself in the respect it commands from office employees using it. "If work is badly done, no one cares whether it deteriorates, whereas good workmanship somehow tends to remain in good condition," the company suggests.

It adds that refurbishment generally requires a lot of management expertise, combined with specialist skills. "For example, a commercial or industrial contract may require full production to be maintained in the building while introducing new facilities or converting."

"Such an operation calls for expertise which is not generally available within a construction company whose workload is predominantly green field projects," it said.

Mr. Brian Hill, managing director of Higgs and Hill, one of the leading national contractors, believes that although materials prices are increasing at the rate of 1½ to 1 per cent a month, refurbishment is extremely worthwhile as long as projects are carried out quickly. Like others, he suggests that shortages of materials and the delays they can cause are an increasingly serious problem.

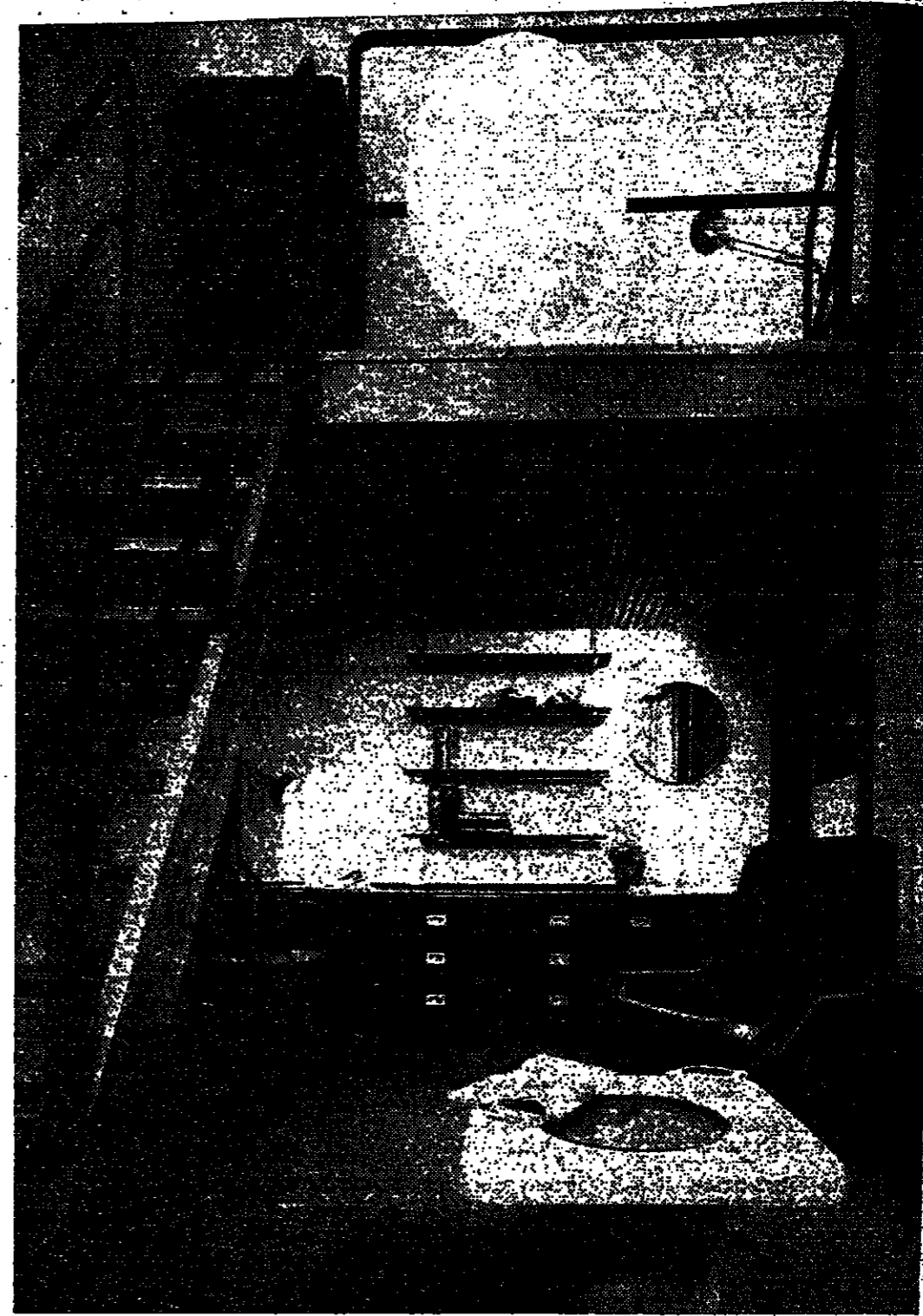
Delays

"Early involvement of the contractor in refurbishment jobs is essential. The main contractor also has an important part to play in co-ordinating pre-design and pre-planning so that everything runs smoothly," Mr. Hill said.

Another problem inherent in refurbishment work is that workmen are often likely to run into unexpected problems, such as a structural weakness revealed by the removal of materials, and delays can result. However, a competent foreman who is able to take decisions quickly or get advice can save a great deal in lost time.

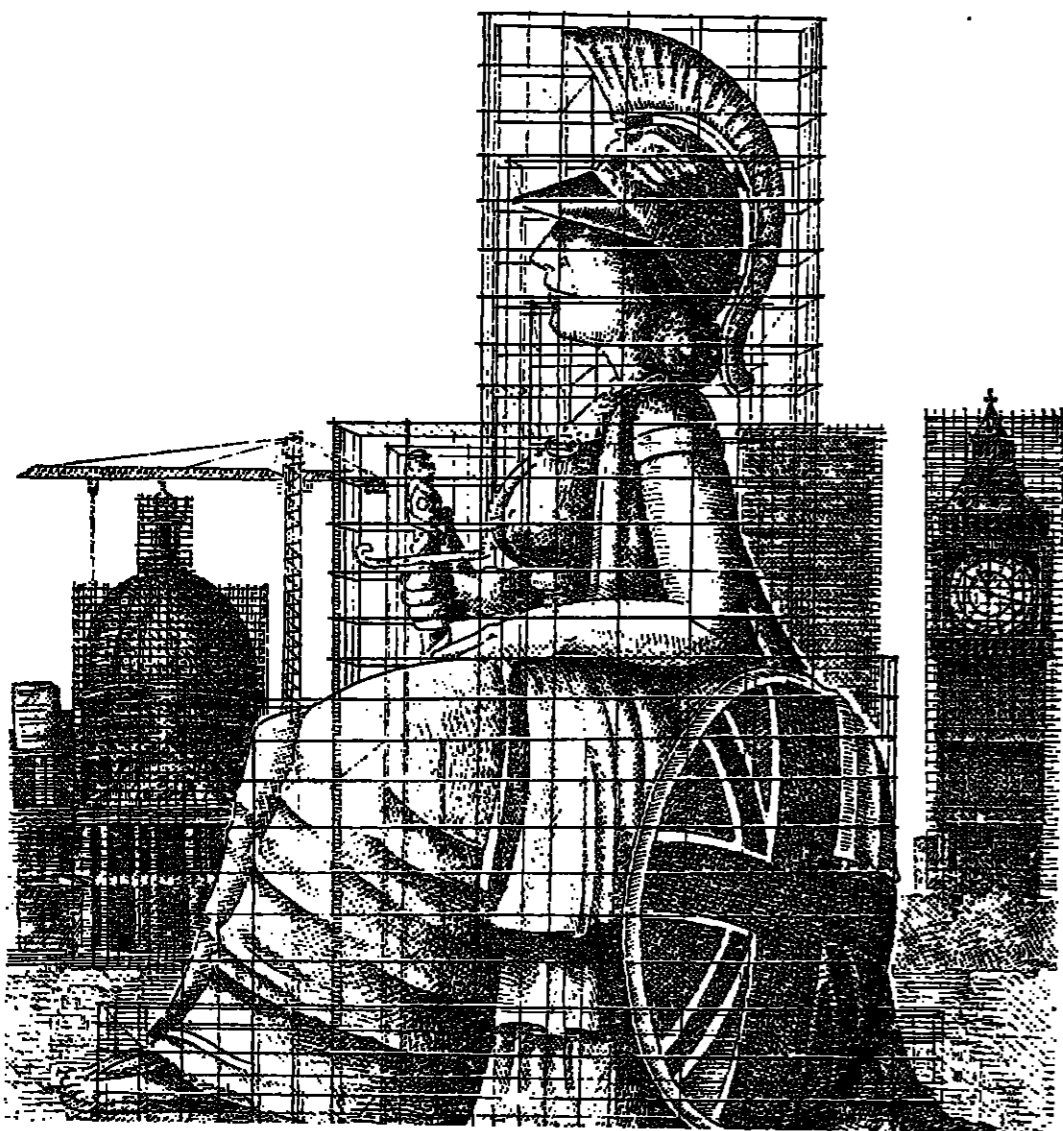
External restoration work, particularly on buildings of historical or prestige value, tends to be an even more specialised field than most internal work. In the London area there are about half-a-dozen larger companies which specialise in this activity, among them the long-established concern Szerelmey, the London Stone Cleaning Company, Peter Cox and Stoneguard.

Most companies employ recognised methods of exterior cleaning which include the water-spray system which softens grime and enables it to be brushed away; air blast cleaning, where an abrasive material is blown under pressure on to the stone surface and grime is scoured away; mechanical cleaning, using grinding and buffing discs; chemical cleaning, where special chemicals are applied to the fabric and then washed off to prevent the formation of



One of 12 new bed-sitting rooms for doctors which were created from the former gloomy quarters at Leeds General Infirmary. The DoB listed building was designed by Sir George Scott in the 1860s and the renovation has made use of its best architectural features

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Home improvements stem from DIY

THE MARKET for home improvement products has been one of the fastest growing sectors of retail trade in the past few years. But after attracting a host of new companies it is now suffering as a result of the recession, which makes it a less attractive proposition in the short term.

However, despite some price-cutting and consequently reduced margins for many companies, the problems are expected to be relatively short-lived. Major companies in the field are continuing to expand their national networks of retail outlets.

According to the annual review of the market by stockbrokers Earnshaw, Haes and Sons, retail sales in this sector amounted to £1.8bn last year, a 25 per cent increase over the previous year, and roughly three times the level of 1973. One projection puts the size of the market by 1984 at £4.5bn.

"This year's performance will continue to outpace inflation in price terms, but against a background of weaker demand, volume growth will be minimal and wholly dependent upon new store openings," the survey suggests.

Figures on the DIY product market, compiled by Euro-monitor Publications, show that growth has been fairly evenly spread across the product range, although home-decorating materials, such as paints, wall coverings and adhesives, have been slightly slower than others. The fastest selling products have been heating and insulation materials, plumbing fittings and accessories, furniture, wood and wood products and tools and equipment.

One of the major growth factors in the DIY market is seen as the squeeze on disposable incomes in the middle-income bracket, and higher labour costs for home improvement jobs, which has increasingly led to people regarding home improvement both as an investment and an enhancement of their life style. These home owners have increased their confidence and skills and are thus encouraging

to take on jobs which require an ever-widening range of equipment. Black and Decker, for example, is moving away from attachments to basic tools towards specialist tools such as sanders and other "integrals." Similarly, the sophistication of equipment, such as hand drills, is increasing.

Black and Decker's success in meeting this demand—if not indeed helping to create it, since it has such a large share of the UK market—is through keeping its products at prices which ensure volume sales. Between 1978 and last year the company recorded a 40 per cent real increase in sales, and, although this rate has slowed down this year, its forthcoming new products are likely to lead to further steady growth.

Scope

In terms of marketing, the most significant development recently has been the arrival of DIY products in supermarkets, which benefit from high customer flow, and some have achieved notable market shares in products which are suitable. But their scope is limited to some extent by the need to adapt their premises for a wider range of products.

Specialist home-improvement super stores, on the other hand, suffer few limitations of this kind, and are increasing both the number of their retail outlets and their square footage.

According to Earnshaw, Haes, many in the trade believe that the home-improvement, as opposed to DIY, boom is only now beginning in the UK. "The discount background, parking facilities and customer profile is the perfect base on which to graft many other product areas such as domestic textiles, curtains, sports and leisure wear, hobby supplies and, especially, gardening, which is currently being developed in nearly all super stores," they say.

But it is also suggested that the peak profit days of the DIY retailers are drawing to a close, although relative performance

should remain attractive for some time to come and offer significant investment opportunities.

The breakdown of the DIY product market in terms of sales shows the home-decorating sector (paints, wall-coverings, etc.) to be the largest at £286m last year, followed by tools and wood products, with sales of £703m, and DIY repairs and improvements (electrical fittings, plumbing, heating and ventilating) at £256m.

There are now around 30,000 DIY home-improvement outlets in Britain, of which about 2,500 supermarket-style multiples claim a market share of more than 20 per cent, and the structure of the industry is in a state of constant change.

Last year the bigger companies did much to consolidate their positions, so as to protect themselves against the increasing strength of the retailing multiples and the large number of aggressive small concerns trying to carve a bigger share of the market.

Some of the major companies, such as Home Charm and Marley, also began to move up-market last year, offering more disciplined product layouts, and at the same time the specialist retailers have been active. A. G. Stanley introducing its Mr. Stanley chain to offer a wide range of hardware for the DIY market.

Dodge City has opened Wallz and Brown Bear outlets to specialise in up-market decorative and self-assembly furniture, respectively, although the market for the latter has been distinctly patchy this year.

The £360m wallpaper and paints market still dominates the decorative side of the DIY trade, and the big four in paints—ICI, Crown, Berger, and Donald Macpherson—still return around half of the £200m total. Overall growth last year was around 10 per cent, but ICI predicts an increase of only 3 to 4 per cent this year. Wall-coverings are also in surplus supply at present.

The spread of paint sales over the past few years shows that

soluble salts. Szerelmey has undertaken numerous prestige jobs on buildings such as the Houses of Parliament, embassies, churches and recently the Bank of England, which set off a chain reaction of restoration work on a large number of banks. The company points out that this is a common occurrence, since the improved appearance of a building will prompt nearby owners to clean and restore theirs.

Other sectors of the industry which have experienced varying fortunes are large-scale rehabilitation schemes, usually involving housing estates, and industrial refurbishment.

Rehabilitation schemes, usually run by local authorities in an effort to save and restore

older housing stock rather than demolish and rebuild, continues to suffer from cuts in public spending and, where it does go ahead, from the bureaucratic controls which are imposed on contractors. Nevertheless some authorities take the view that some of their limited resources can best be spent in this way and are doing so successfully.

Resources

Factory rehabilitation, for which there is enormous scope in the Midlands and the north, has also suffered, particularly in the past few months, from the deepening effects of recession. Under these conditions few companies appear to be prepared to use limited resources for this purpose.

Overall, the costs incurred in the improvement of buildings, either through complete refurbishment, exterior cleaning or maintenance, are generally regarded to be a satisfactory investment, if they are kept within reasonable bounds through fast, good-quality workmanship under the control of experienced contractors and professionals.

The rewards to those who own the buildings vary between higher rental returns, perhaps over a long period of time if high-quality work has been achieved, and improved working conditions and prestige for companies which occupy their own buildings.

Lorne Barling



The Royal Hotel at Southend, part of a Grade II Georgian terrace, was threatened with demolition until a local conservation society stepped in. It has been completely refurbished as a public house and functions room plus offices

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Midland Bank, Manchester after restoration by Peter Cox.
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REFURBISHING III

Many offices ready for overhaul

ALTHOUGH OFFICES built before the 1939-45 World War are often considered to be the main targets for refurbishment, most office buildings constructed in the 1950s and the early 1960s are now also strong candidates for a major overhaul.

One reason for this, according to Mr. Peter Williams, a staff architect to the chartered surveyors Richard Ellis, is that offices of the 1950s and the early 1960s were generally built to modest standards to give developers the maximum return.

Buildings of that period invariably had curtain walls with minimal insulation in a period of cheap fuel. But today, the new stringent rules on insulation, effective since June last year, demand either refacing or at least internal wall modification to satisfy the regulations.

Other reasons for refurbishing are that mechanical services are either reaching the end of their useful life—particularly lifts—or the materials and design (such as electrical services) have since radically improved. In many instances, central heating was not installed—or if it was, it was in the form of an electric under-floor system.

Offices of the period were often built to standards of floor loading below today's requirements. This, combined with defects in mechanical services, may lead to such devices as taking up the existing screeds and replacing them with a light, false raised floor which, at a stroke, reduces imposed loads and allows freedom in the layout of services, particularly heating and electrical systems.

The general distaste of the public and authorities to buildings of that period can result in a sympathetic reaction to plans for external improvements—and thus a quicker and easier passage through the planning processes. A key factor to encourage refurbishment—rather than redevelopment—is less

delay at the planning stage. This saves time and money, Mr. Williams comments.

Many buildings were put up when planning authorities either did not exist or were less restrictive than they are today. Hence many older buildings, particularly in the City of London, have plot ratios (ie, the ratio of gross building area to area of site) well in excess of current limits. And despite thick external walls and sometimes extravagant stairs, many still provide a higher net floor area than new buildings.

Discouraged

Recent changes in planning principles can also aid refurbishment. In central London, in the 1950s and 1960s, authorities demanded the provision of high levels of private parking within any new scheme. But today, private parking in central areas is actively discouraged—and so where, perhaps, basement parks have been constructed, they can now be converted to more profitable office uses.

Further, buildings built before January, 1948, enjoy a right to compensation if a local authority refuses to allow a 10 per cent addition in volume and area. In practice, it is rare for a council not to grant the extension as compensation would be a severe and unnecessary drain on their financial resources.

This is a very important and valuable asset which an existing building would have over a new development. The emergence of factors which encourage refurbishment means that developers now have a realistic alternative to complete redevelopment. The City of London office development market clearly reflects the progress of refurbishments. A recent report by Richard Ellis says that throughout the period 1974 to 1979, refurbishment activity has been strong. The preferred unit size for refurbishments is under 30, sq. ft.



New offices for Lindsay Blee on the fourth floor of Three Quays House at Tower Hill, in the City. The brief to Building Design Partnership was to provide a fully air-conditioned space containing a combination of open-plan areas and individual offices

An indication of the increasing suitability of refurbishments in the City is that air-conditioned refurbishments have consistently outperformed the non-air-conditioned ones over a three-year period since 1977. Rents moved little during 1977 and increased by 10.6 per cent in 1978, compared with an inflation rate of 8.4 per cent (December, 1977 to December, 1978). But in 1979 there was a marked improvement in rental performance generally, with air-conditioned refurbishments increasing by 15 per cent during the first six months of the year, compared with 13 per cent for modern air-conditioned buildings.

These rental performances are based on a cross-section of recordings for selected properties in varying locations, and rents for some properties reacted more dramatically on occasions, showing increases over a three-month period of up to 18 per cent.

The latest office rental index by the Royal Institution of Chartered Surveyors and the Institute of Actuaries, which covers the quarter ending in June 1980, shows an increase in all types of office buildings of 10.2 per cent in the last year. With inflation at almost 20 per cent, rental levels were therefore not accelerating at the

same pace. The biggest increases in London office rents are in pre-war refurbishment property.

The levels of supply and take-up of refurbishment spaces during 1977 and 1978 were about in balance, with a temporary excess of supply during the latter half of 1978. During these two years, the availability of refurbishments was sufficient to meet demand, therefore little pressure was put on rents for this type of accommodation and growth was just ahead of inflation.

Acute shortage

However, at the beginning of 1979 the shortage developed which grew more acute as the year progressed. This had a direct impact on rents for this type of property. Rents for refurbishments rose by 15 per cent in the first half of the year, with the level of growth falling off towards the latter half. In the early months of 1980, rents have again risen dramatically, reacting to the widening deficit which became apparent in mid-1979.

This acute under-supply can be attributed to the overall lack of space available in the City during 1979, Richard Ellis comments.

In the future, there seems to be fewer opportunities in the

City for major redevelopment as conservation orders increase. The standards of upgrading new office tenants' accommodation in favourable locations in the City and this is an important factor in ensuring that high-quality refurbishments can be offered as a realistic alternative to development.

According to the recent Government-commissioned report by the Property Advisory Group: "There may well be relatively little demand for fresh office development and the industry's efforts will be concentrated on the refurbishment of existing stock, with a view to maintaining its value as an investment."

The group predicts that property after the recession can still expect relatively slack demand, particularly for offices, and weak rental growth. General development activity, it suggests, will be much reduced and the emphasis will be even more on refurbishment and renovation.

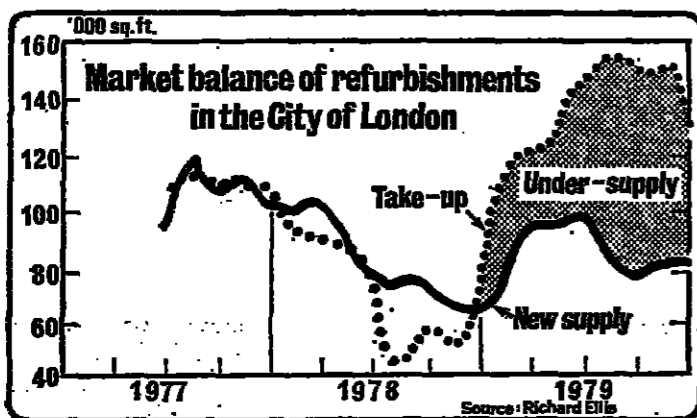
Among the well-established London companies which are seeing a surge of activity in refurbishments is Trollope and Colls (City), which is now working for four of the major clearing banks and others to an extent of more than £10.5m. Queen Anne's Gate is a prime

example of where London buildings are ripe for renovation—the company is involved there in a £2m project.

Ashby and Horner says that 70 per cent of its refurbishment work is in City offices, banks and executive suites. Large contracts are now being undertaken for Barclays Bank, Standard Chartered Bank, the Corporation of London, the Co-operative Wholesale Society and J. Walter Thompson.

Standards of office refurbishment in the City are "getting higher and higher" according to Mr. David Pickford, managing director of Hazlemere Estates, which has 16 projects underway in the London area. Typical projects include a "total transformation" of 13,000 square feet of old office space at 28 Throgmorton Street, opposite the Stock Exchange. This £500,000 scheme is due for completion next month. Similarly, 12,000 square feet of offices in South Place, in the City, will be ready as prime air-conditioned office accommodation by September.

Michael Wiltshire



Improvements

CONTINUED FROM PREVIOUS PAGE

supermarkets have doubled their share to around 18 per cent, while the share held by paint and wallpaper specialists has fallen from 41 per cent in 1969 to 35 per cent.

Builders and timber merchants have adapted slowly to changing market conditions but are beginning to take advantage of certain favourable aspects of their business, such as their ability to offer materials in greater bulk than most DIY stores, with substantial cost savings to the purchaser.

There is evidence that demand for building materials is coming increasingly from home-improvement, repair and renovation, and these new non-traditional customers are creating the need for a bigger commitment to advertising. Merchants face tough competition, however, from super stores and will have to fight hard to make up lost ground.

The DIY sector of the £500m plumbing fixtures and fittings market is now put at around £50m a year, but is expected to grow to between £120m and £150m in the next five years.

Some companies are now gearing their retail outlets accordingly.

The market for DIY electrical products has expanded fourfold in the past ten years, although this is a 34 per cent increase in real terms, and it is still dominated by M.K. Electric, which has a 60 per cent share of the market. A number of companies are now challenging M.K., mainly through the handy-pak dispensary trade.

With the many and varied companies in the home-improvement market now faced with the dilemma of trying to hold margins or lose turnover in this highly competitive market, some are likely to reconsider their expansion plans. Others, mainly the larger companies, are optimistically going ahead in the hope of an early improvement in demand.

In the longer term this is likely to be damaging for the smaller concerns which may not have the resources to be prepared for the upturn when it comes.

Lorne Barling



Houses in Starley Road, Coventry, which have been rehabilitated after residents formed an association, then a co-operative, in their battle with Coventry Council to save their 37 homes from the bulldozer. Planning blight had made the street derelict but it now thrives again, with more improvements planned

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How plans for the Market bore fruit.



In 1977 Myton Limited was appointed by the G.L.C. as main contractor for the restoration and conversion of the historic Central Market Building in Covent Garden to provide a shopping/leisure precinct which Sir Horace Cutler, Leader of the G.L.C., described as "the pearl in London's crown."

Working very closely with the design team from the Historic Buildings Division of the G.L.C.'s Department of Architecture, Myton met and overcame the many challenges which the job imposed.

Ancient stonework, lead roofs, ironwork and joinery, weakened by decades of weather, war and hard wear, were painstakingly strengthened and renovated or faithfully reproduced. Complete new mechanical and electrical services and fire protection systems were installed, and all of this within a very tight construction period required by the G.L.C.

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REFURBISHING IV

Conversions keep architects busy

IT WASN'T SO long ago that architects used to say rather sheepishly: "Well, I'm only doing a few conversions." Times have changed so much that now practically every architectural practice is engaged in some kind of conversion or refurbishment scheme.

Why has the climate changed so rapidly? Is it an economic response or an architectural response to the general dislike of modern buildings?

Inevitably, the real reason for the growth of the "patch and mend" school of architectural thought is a combination of several factors. The high cost of building labour and materials has meant that it is frequently cheaper to refurbish than to

build new. The high quality of the existing stock of buildings, particularly those erected before the 1939-45 World War, has slowly been recognised as an important resource. It would be difficult to achieve such good quality buildings at today's inflated prices.

Another factor that has encouraged architects to refurbish and conserve has been the growth of government grants for the improvement of old buildings and the restoration of historic ones. The 1980 Housing Act, for example, widens the range of residential property eligible for repair or improvement aid.

Looking first at the remarkable growth in grants for the

refurbishment of historic buildings, it is significant that even in the present economic climate there has been no decline in grants made by the government financed Historic Buildings Council. Up to the end of 1979, more than 261,000 buildings in England had been listed as of being of special architectural or historic interest. These buildings are graded, Grade I, Grade II, and Grade III, and, during 1978-79, more than 7,000 buildings were added including 35 Grade I buildings.

Country houses form the largest group of buildings that are grant-aided individually. These houses must be open to the public if they are to receive government funds. An interesting recent development is the conversion of large country houses into groups of small flats. The main rooms are often retained for communal use.

Grant aid is now available for churches in use and this has encouraged many congregations to refurbish ecclesiastical buildings and keep them in use rather than seek redundancy. More than 400 grants were made to churches in 1979, totalling more than £33m.

Five-year plan

Conservation areas and town schemes are both ways of protecting whole neighbourhoods rather than just single buildings. Grants support the legal designation of these areas and during the last year more than £3m was spent on the improvement of conservation areas. The Historic Buildings Council has always reserved money for a series of especially important historic towns. Brighton, Hove and Winchester have now joined the list. The first phase of a five-year plan to tackle derelict buildings in the centre of Bristol has just begun.

The conversion of empty and run-down warehouses in the centre of Hull is beginning to demonstrate that a new use for an old building is the key to effective conservation. In London, long-term schemes are assisting with the renovation and renewal of Covent Garden, Bloomsbury, Piccadilly and Spitalfields. The historic centre of Greenwich has just received its first grants.

The issue of whether or not are now several regional his-

toric buildings trusts, some in London and some particularly effective ones in Yorkshire.

There is also an important independent charitable trust, known as the Building Conservation Trust, with offices in Hampton Court Palace. It has been formed by leading architectural, building, contractual and refurbishment interests to promote the proper alteration and maintenance of buildings of all types and ages. It is planning to establish strong links with craftsmen to ensure careful building repair.

When the Greater London Council decided to refurbish the buildings in 1975 it was estimated that the costs would be around £2m. The final cost is probably nearer to £4m.

The Greater London Council architects have spent a great deal of money but their policy was always to use the best materials to match the new work to the quality of the old.

A public facility has been provided in Covent Garden that has cost, according to the GLC, about a third of the price of an equivalent new shopping centre. In Whitehall the Government is committed to a major refurbishment scheme to turn the early 19th century Richmond Terrace into Government offices. At a cost of £3.5m a scheme by the architects of the Property Services Agency with consultant William Whitfield proposes the retention of the terrace's facade and the erection of a new building to house a total of 850 civil servants.

Two financial measures are still needed to help the owners of listed historic buildings. First, exemption for owners from VAT on repairs would benefit those most in need: charities, churches and other non-profit making institutions. Second, a special provision to allow owners of listed buildings to set the cost of repairs against tax would have important results.

Another important agency which has recently developed to preserve the architectural heritage is the privately-run Historic Buildings Trust. One of the most important of these agencies is the Derbyshire Historic Buildings Trust which has recently appealed for £200,000 to save several of the county's more minor buildings. The trust operates a revolving fund and is now about to restore 60 railway cottages in Derby—the oldest known houses built by a railway company. The total cost of this scheme is likely to be more than £1m and the trust aims to make it completely self-financing. There

are also a number of regional historic buildings trusts, some in London and some particularly effective ones in Yorkshire.

There is also an important independent charitable trust, known as the Building Conservation Trust, with offices in Hampton Court Palace. It has been formed by leading architectural, building, contractual and refurbishment interests to promote the proper alteration and maintenance of buildings of all types and ages. It is planning to establish strong links with craftsmen to ensure careful building repair.

Important bid

Recent projects in London's Dockland show how good architects can be helpful in the context of refurbishment. In an important bid to revitalise the Dockland community, several schemes are soon to begin to revive the Rotherhithe area. And in the uncertain public spending climate, it is to be hoped that plans laid by the GLC and the Docklands Joint Committee will come to fruition.

Hunt Thompson Associates are the architects for a scheme to turn Rotherhithe's Thames Tunnel Mill into single person accommodation for the Family Housing Association. The architects have produced an ingenious plan that keeps the shell of these fine warehouses and allows for the creation of 71 flats (room for 119 people) with roof gardens and com-

munal facilities. This kind of housing is exactly the sort of accommodation that is urgently needed for single people in the inner city.

Small workshops are also needed in Docklands and those already provided in a refurbished wharf by Southwark Council have proved very successful. The integration of housing and workplaces is an area that has as yet to be thoroughly explored.

Architects are now ready and eager to carry out refurbishment work, and this does not mean that they are working only on old buildings. The Thomas Saunders Partnership specialises in modernising banks in London and they are about to tackle Fountain House near Fenchurch Street, an office building that was completed in the 1950s. The same firm's recent renovation of the historic Sicilian Arcade near Holborn demonstrates how well an historic building can be reused.

By today's standards, many of the office buildings built in the 1950s are already in need of extensive replanning. It is often possible to find 20 per cent more space and to modernise the services in structures that were thought to be the last word in efficient design only 25 years ago.

Refurbishment not only makes buildings more efficient, it can also contribute to the retention of our architectural heritage.

Colin Amery



Craft skills in restoration form an important part of some companies' service: work in progress to reconstruct the two western cupolas on the Grosvenor Hotel, Victoria

Recession reduces demand for exterior cleaning

THE INDUSTRIAL recession is having its effect on the cleaning of buildings' exteriors, particularly where the purpose is less for preventive or curative maintenance than for aesthetic reasons.

One of the leading operators in the field, London Stone, admitted recently that although current quotations for cleaning masonry and brickwork are comparable with last year's levels, the number of quotes which translate into contracts has fallen by about 13 per cent and is still dropping.

Mr. Eric Meecham, managing director of London Stone, says public sector work is stagnant at a disappointingly low level and most private sector business is also beginning to show signs of falling off.

The remaining growth areas, however, are taking up some of the slack. Banks and building societies in particular he picks out as increasing their contracts for exterior cleaning, and some retail firms which are "conscious of their image" are also maintaining their programmes.

As always in such an industrial climate, customers are looking for competitive quotes in an attempt to squeeze as much as possible out of straitened budgets.

The leading operators in the stone cleaning field believe that this atmosphere increases the likelihood of poor quality workmanship and opens the door again to "fly-by-night" firms with little regard for the high level of technology needed.

The industry has been bedevilled by such operators since the 1960s when the industry really began to take off. This followed the passing of the various Clean Air Acts during the 1950s which had such success in improving conditions in cities that for the first time landlords could envisage long term improvements from cleaning their buildings.

Cleaning stone and masonry, however, is fraught with pitfalls. Some abrasives will simply strip the protective surfaces of certain materials, leaving them porous and vulnerable to accelerated decay.

Others will unevenly abrade a surface, making it more of a dirt trap than before. Even water can be potentially dangerous. If it saturates some stone it can cause damage to the interior. Water penetration also activates the iron content of sandstone, sometimes causing staining, while on brickwork it can draw out the salts present in the clay.

Alkaline solutions, frequently used for cleaning limestone, can also cause harmful salts to lodge in joints of stonework causing serious progressive damage. Thorough washing after application is vital.

Then there are the health hazards to the cleaning workers. Dry blasting of stone work with sand or flint, once highly popular, is slowly falling into disuse by the more reputable operators though there is still considerable controversy over the potential health hazard if proper precautions are taken.

At issue is the threat of silicosis—a progressively debilitating lung condition caused by deposits of silica fibres.

Mr. Meecham believes that sand blasting still has its uses. It was used in the cleaning of Somerset House on the Strand, and the Department of the Environment now appears to be limiting its use and when London Stone quoted for the cleaning of Northumberland

House on the corner of Trafalgar Square the DoE specified the use of water sprays.

Simply identifying the materials present in buildings which may have been added to or repaired over many centuries can require inspection by a specialist chemist or even off-site tests.

For all these reasons stone cleaning is not the simple "wash and brush up" operation which many less reputable operators treat it as.

Now there is a chance that the worst excesses of these operators will be controlled. In January The British Standards Institute published its draft code of practice for cleaning and surface repair of masonry.

Already it has met with near universal approval—objections seem to be of a minor nature. Part of the reason for the acceptance of the draft has been the wholehearted involvement in it of the leading authorities and customers in the field.

Organisations represented on the BSI committee which produced the draft included the Department of the Environment, the British Railways Board, the Royal Institute of British Architects, the Society for the Protection of Ancient Buildings, the Ecclesiastical Architects and Surveyors Association and the GLC. Among them they contain a wealth of on-site experience.

In addition, both the Stone Federation and the Brick Development Association were present to advise on actual materials.

The draft code—which as yet cannot be applied as a British Standard—not only deals with the problems and advantages inherent in different types of cleaning operation on different materials, it also gives sensible standards of conduct as regards health, public nuisance and the general protection of buildings.

The draft code also covers surface repairs, another area where inexperienced workmanship can result in major problems in the future. Restoration experts working in Westminster Abbey are finding their worst headaches arise less from the original stonework than from the late 19th century patch-and-make-good repair jobs in unsuitable stone and interior materials.

The code covers repointing—the replacement of decaying mortar between masonry—and provides a valuable guide to types of mortar commonly used today as well as notes on old types of mortar.

The replacement of decayed natural stone is also dealt with and some of the commoner types of associated problems pinpointed. Limestone, for instance, should not be placed over other porous masonry because water run off can cause decay.

Brickwork replacement poses different problems: the code recommends the use of old matching bricks but warns that they must be uncontaminated. Some weeks ago, representatives of the major stone cleaning companies, Peter Cox, Szeleimay, Reparatons Dreyfus (another arm of Pritchard Services) which also owns London Stone) and Rominar, a new company aggressively attacking the market, discussed the draft code.

Their response tells it all: "Bring it in quickly."

* Draft Standard BSOORC, BSI 101, Persenville Road, London, N1 9ND, £2.

Christine Moir



The National Westminster Bank opposite the Mansion House in the City, which is currently being given a facelift

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FUTURES MARKET

London goes for gold

By Our Commodities Staff

companies are very anxious to trade in gold, other members do not wish to do so and are fearful that the Exchange may become dominated by gold, losing its pre-eminence in base metals in the process, and gradually being forced into a clearing system.

There is at the same time a wide choice of clearing systems available. An obvious choice would be the International Commodities Clearing House, which handles the London "soft" (non-metal) markets and has an involvement in the Sydney and forthcoming Hong Kong gold futures markets.

Greater security

But many people on the Metal Exchange resent the idea of someone else making money on their trading and would prefer an in-house system whereby the market members

Dominated

who would be eligible to join even though they have so far been excluded from the Metal Exchange mainly on the grounds that they do not have sufficient trade interest in base metals.

All this suggests that a separate market for gold, possibly also including silver and platinum at a later stage, may have to be launched with its own clearing system and a separate membership.

This would tie in neatly with another development—the move

by the metal Exchange into new premises in Plantation House from its existing home at Whittington Avenue in Leadenhall market. The move, which is expected to be finalised by October, is to give more space to cope with the new Exchange markets and growing business. The introduction of gold trad-

ing would require a great deal more space, so it might be sensible for the gold futures market to move into Whittington Avenue.

Logical moves of this kind very often are impossible to achieve for a variety of reasons. What is certain, however, is that a London gold futures market will happen.

PRICE CHANGES

AMERICAN MARKETS

Pork Bellies—Aug. 40.25-40.60 (41.45), Feb. 56.75-56.40 (57.30), March 57.10-56.90, May 57.30, July 57.25, Aug. 58.60.
Silver—Aug. 1564.0-1565.0 (1612.5), Sept. — (1627.5), Oct. 1586.0, Dec.

1616.5, Feb. 1847.0, April 1679.0, June
1711.0, Aug. 1743.0, Oct. 1775.0, Dec.
1807.0, Feb. 1840.0, April 1873.0, June
1906.0, Aug. 1939.0, Oct. 1972.0,
Nov. —,
†Soybeans—Aug. 742½-744½ (753½),
Sept. 753-754½ (762½), Nov. 771-768,
Jan. 782-781, March 794-785, May 793-

791. July 799, Aug. 797.
 Soybean Meal—Aug. 20.34-20.30
 (20.38), Sept. 20.60 (20.70), Oct
 20.90-20.88, Dec. 21.40-21.35, Jan.
 21.60, March 21.80, May 21.95-22.00.
 July 22.20, Aug. 22.20, Sept. 22.20-
 22.25.
 Soybean Oil—Aug. 26.65-26.55

(26.98), Sept. 26.90 (27.32), Oct. 26.95
Dec. 27.25-27.30, Jan. 27.15, March
27.30-27.35, May 27.40, July 27.50, Aug.
27.45-27.55, Sept. 27.45-27.55.
TWhart—Sept. 454-455 (456%), Dec.
471-472 (473%), March 481¹/₂-482, May
483¹/₂, July 481, Sept. 489.
WINNIPEG July 30 8Bcken-July

141.60 (141.10), Oct. 137.10 (138.00).
Dec. 135.00, March 136.00, May
158.10.

All cents per pound ex-warehouse
unless otherwise stated. * \$ per tray
ounce. † Cents per tray ounce
‡ Cents per 56-lb bushel. † Cents
per 56-lb bushel. ‡ Cents per 56-lb bushel.

per 60-lb bagster. || \$ per short ton (2,000 lbs). § \$Can. per metric ton. ¶ \$ per 1,000 sq. feet. † Cents per dozen.

KETS

Merch	\$332.75,	April-May	\$333.50
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Soyameal—44 per cent protein U.S.,
Aug. \$242, Sept. \$253, Oct. \$258-\$259
traded, afloat July \$244, Nov.-March
\$268 sellers. Brazil Pellets July \$261,
Aug. \$266, Sept. \$270, Oct. \$273.50.

Nov.-March \$281.50 sellers.

PARIS, July 30.
Cocoa (FFr per 100 kilos)—July 980,
Sept. 925-940, Dec. 890-995, March
1020-1050, May 1045-1065, July 1055-
1075. Sales at call 8.
Sugar (FFr per 100 kilos)—Oct. 3110-
3114, Nov. 3180, Dec. 3135-3145, March

DOW JONES

Dow Jones	July 29	July 28	Month Ago	Year Ago
3245-3270	3210	3200	3180	3160

Sales at call 2.

	1924	25	26	avg	avg
Spot ..	438.41	437.76	427.20	398.99	
F'tur 8	445.42	445.51	441.38	404.52	

(Average 1924-25-26=100)

REUTERS

July 29	July 28	Month ago	Year ago
1696.7	1696.2	1686.1	1523.1

(Base: September 18, 1931=100)

0.30-0.50. Apples—Per pound Grenadiers 0.16-0.18, Miller's Seedling 0.25, George Cave 0.24. Strawberries—English per $\frac{1}{2}$ -lb 0.20-0.30. Cabbages—Per bag 1.40-1.50. Cauliflowers—Per 12's English 2.20-2.50. Peas—Per pound 0.10-0.14. Broad Beans—Per pound 0.10. Potatoes—Per bush 1.70. Carrots—

U. 10. *Peppers*—Per bag 1.20, Cucum-
 bers—Trays 10/20s 2.20-2.60, Tomatoes
 —Per 12-lb 1.80-2.20, Lettuce—Per
 pound round 1.40, Cos 1.80, Webbs
 1.80, Carrots—New crop 28-lb 1.40-
 1.80, Onions—Per bag 3.50-4.20,
 Celery—English 18/28 4.40-5.00,
 Charriss—Per pound 0.30-0.35, Marrow

—Each 0.10-0.12. Capsicums—Per pound 0.30. Runner Beans—Per pound 0.25-0.40. Swedes—Per 28-lb 1.50. Courgettes—Per pound 0.15-0.18.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side

(unprocessed) per stone: Shelf cod £4.50-£5.40, codlings £2.80-£4.00. Large haddock £4.00, medium £3.00-£3.30, small £4.00. Large plaice £4.60-£4.80, medium £3.80-£4.70, best small £3.00-£4.30. Skinned dogfish (large) £8.00, medium £3.50-£6.00. Lemon soles

LONDON STOCK EXCHANGE

Gilts vulnerable to fresh foreign and domestic selling

Properties respond to revived hopes of MLR cut

Account Dealing Dates

*First Declared Last Account Dealings Date
 14 July 24 July 25 Aug. 4
 21 July 28 Aug. 7 Aug. 11
 28 Aug. 14 Aug. 18 Aug. 25
 28 Aug. 28 Sept. 8
 *New time for two business days earlier

Overseas investors in Government stocks yesterday again realised profits which accrued during the market's strong advance earlier this month. Yesterday's offering met only token resistance and was accompanied by further selling by over-extended domestic buyers to ensure another downturn in values. Falls at the close were less than on Tuesday, but still ranged to 1 among longer-dated issues.

Domestic institutions continued to be restricted by a shortage of funds, well illustrated by this week's acute credit tightness in money markets. A further £1.5bn is due to be taken out of the system over the next three weeks even in the absence of more Government funding, and traders in gilts were of the opinion that the market held little scope for short-term appreciation as its recent strength probably discommodated a fall in Minimum Lending Rate of perhaps three or four points.

The chance of a cut in MLR today was rated at slight odds-on and induced renewed support of Properties which provided one of the firmest sectors in the House. Enthusiasm for equities was otherwise dampened by the CBI's warning of deeper recession in the Autumn, although one or two Electricals and, particularly Racial Electronics,

found further institutional support.

The overall apathy of trade was measured by total bargains of 19,636, the lowest figure since June 11, while the disposition for leading shares to continue the recent phase of consolidation was reflected in the FT Industrial Ordinary share index: the index was held within a band of a mere 0.5 throughout official dealings and closed a point down at 488.7, the closing level was 14.4 down on the 1980 high of 503.1 recorded two weeks ago.

The subdued performance of the underlying securities was reflected in Traded options which attracted only 460 trades — the lowest since late May. Lomrho, with 188 deals, good recently, made a large contribution to the day's business.

Comment on the interim results helped NatWest pick up 2 more to 35p in otherwise lethargic home banks. Mansion Finance improved 2 to 4p on further consideration of the results but Hill Samuel softened 2 to 13p.

Narrow mixed price movements were the order of the day in Insurance. Steadhouse har-

dened 2 to 89p following Press comment and General Accident added 4 to 325p. Royals edged forward 2 to 397p; the group is to increase its car premium rates by an average 16 per cent from October 1.

Leading Building descriptions closed narrowly mixed after a subdued day's trading. Blue Circle eased 2 to 344p, but far more hardened that much to 267p and BFB added 3 to a 1980 peak of 252p. Buying ahead of next week's interim results left Taylor Woodrow 5 higher at 467p, while Wimpey improved 1 to 881p. SHI reflecting the company's stake in County and District. Newarthill picked up 15 to 300p in a thin market, while Barratt Developments firmed 2 to 118p, the latter on hopes of an early cut in mortgage rate. Burnett and Hallamshire rose 20 to a 1980 peak of 795p on the company's coal interests, while J. Jarvis added a couple of pence to 126p in response to the preliminary results. Timbers trended easier, International losing the turn to 105p and Montague L. Meyer shedding 3 to 54p.

Quietly firm conditions persisted in the Chemical sector, ICI hardening a couple of pence to 374p. Similar gains were marked against Leisure interests, 182p, and Rentokil, 150p.

Secondly issues again provided most of the interest among Stores. Revived support was noted for Polly Peck, 14 better at 122p, while Lee Cooper continued to attract speculative buying and rose 6 more to 130p. Harris Queensway firmed a couple of pence to 144p. Dull

recently following the auditor's qualification of the accounts. Cope Sportswear picked up a penny to 17p. The leaders generally closed with modest gains in the absence of sellers.

British Home rose 3 to a 1980 peak of 163p, while House of Fraser, still buoyed by bid hopes, picked up a similar amount to 144p. M&P and Spencer 38p and 23p to 235p but John Galt A, 440p, and UDS, 73p all added 2.

Racal and GEC again came in for some good institutional support in a generally firm market. Racal's former improved steadily to close 12 higher at 262p, while the latter firmed 6p dealer at 484p. Thora ENI rose 4 to 34p following the announcement that it is to sell ENI's hotel and restaurant division to Scotland and Newcastle Breweries for £23m cash. S. and N. closed 21 better at 47p. Elsewhere, Anglo Securities advanced 20 to 335p on an investment recommendation, while Mairhead put on 7 to 126p. Sold heavily of late following poor interim figures, Envorther revived with an improvement of 7 to 300p.

Ahead of next Wednesday's interim results, Tubes were firmless at 260p, down 8p. Elsewhere, Tube Investments shed 4 to 214p. Brown's shed a penny to 61p with sentiment in the latter still helped by the cheerful statement on prospects which accompanied the results. Elsewhere, in Engineers, compensation hopes remained the spur for Yarrow which closed 10 better at 290p and, still reflecting an investment recommendation, Anderson Strathelyde gained 3 to 94p. Hill Brown firmed a penny to 34p as did Simon, to 278p.

Most movements in Foods favoured holders. J. Sainsbury, 439p, and Associated Dairies, 204p, both firmed 4, while William Morris put on 1 to 157p. Revived support for food was Mackintosh 4 to the good at 154p and Unigate 2 better at 130p. Among Hotels and Caterers, Ladbroke rose 3 for a two-day gain of 7 to 170p, but Grand Metropolitan finished a net penny off at 150p, after 157.

Reed dip and rally
 Extremely poor first quarter profits brought a severe reaction to Reed International which fell from an initial firm level of 199p to 182p before rallying to close only a net 3 easier at 191p. Bowater fell 5 to 179p in sympathy, while other miscellaneous industrial leaders plotted an irregular

course in thin trading. Elsewhere, reflecting increasing speculation concerning Rothschild's 26 per cent stake, Royal Worcester were further supported up to 315p for a rise of 13, while National Carbonised rose 11 to 145p on consideration of the company's North Sea interests.

Thomas Jourdan added 8 to 70p on the bumper profit of Hoover's put on 5 to 182p on buying ahead of Wednesday's interim results. Speculative support lifted Initial Services 11 more to 192p and Aeronautical and General, recently favoured following good results, added 14 afresh to 352p. De La Rue put on 15 to 315p. In the leaders, British Brandy Industries "A" moved up 8 to 48p on further consideration of the profits recovery. Johnson Matthey added 8 to 355p and Henry Boot appreciated 7 to 175p. Freight, on the other hand, gave up a penny to 138p following the half-year statement.

Campari dropped 7 to 55p, after 54p, following the announcement of the chairman's death and the family's decision to retain its substantial interest in the leaders, British Leisure sector, Coral lost 3 to 64p, but Pleasurama revived with a gain of 4 to 161p.

Motor Components again displayed an irregular appearance. Dowry firmed 3 for a two-day gain of 15 to 234p, while Lucas Asins 5 to 214p. Associated Engineering hardened 11 to 64p, but Dunlop lost the turn to 76p and Flight Refuelling eased 2 more to 268p. Among Distributors, Lex Service held at 77p and Tootal's rose 1 to 145p, but Henlys attracted renewed speculative demand and jumped 1 to 92p.

News International were again wanted and rose 7 for a three-day rise of 20 to 193p. Daily Mail "A" added 3 to 478p, but Associated Newspapers gave up 5 to 270p.

Hopes of cheaper money in the near future continued to buoy Properties, but business was quieter than of late. Land Securities hardened a couple of pence to 370p and MEPC 3 to 234p. British Land also improved results, but fell 1 to 220p, which B.L. made an agreed bid last week, rose 24 to 54p in sympathy. Capital and Counties improved 2 to 116p; the Kuwait Investment Office has acquired a 6.3 per cent stake in the company. Following the preliminary results and proposed 50 per cent

scrip issue, Stock Conversion held a rise of 2 to 445p. Elsewhere, Property Security Investment came in for support and rose 10 to 218p, while London Shop Property and M. F. Kent added 4 apiece to 101p and 68p respectively. Buying ahead of today's interim results left Beaumont 3 firmer at 141p, while Brixton Estates gained 5 to 145p and Anglo Metropolitan put on 4 to 78p.

Oils subdued
 The oil sector displayed irregular movements following a slow business, but some secondary issues rallied a few pence. In the leaders, British Petroleum shed 3 to 345p, but Shell closed unchanged at 412p, after 410p. Lasso attracted late support and gained 10 to 695p, while Century firmed up 8 to 168p and Berkeley Exploration rallied 7 further to 195p. Sovereign, on the other hand, eased 3 to 270p and Aran Energy 2 to 442p. Straits Oil gave up 15 to 111p.

Some rare excitement in Textiles was provided by Courtaulds' move to mop up minority interests in two subsidiary companies; Macaulay rose 7 to match the offer terms of 30p per share, while Kayser Boudier jumped 36 to 85p, a shade below the 100p offer price. Courtaulds eased a couple of pence to 66p.

Gold mining
 Mining issues generally lost ground yesterday in line with the fall of SIB to 860.5 in the London price. The Gold Mines index lost 7.1 to 378.7. The exceptions were mostly confined to Tins, where the companies involved in the Malaysia Mining Corporation merger all gained ground.

South African Gold also met profit-taking after Tuesday's advance. Anglo American, President Steyn lost 1 to 220, Kloe and West Driefontein each gave up 1 to 14 and 137 respectively, and Hartbeestfontein lost 1 to 129. The lower-priced issues also lost ground, led by Wilcoxon and S30P and S39P respectively, and Ventusport, Blyvoor and Doornfontein, all of which dipped 10 to 686p, 70p and 333p respectively. Elandsrand provided an exception here, moving up 21 to a 1980 high of 560p.

South African Financials
 The following shares quoted in the information service yesterday attained new highs and lows for 1980.

FINANCIAL TIMES STOCK INDICES

	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	Year ago	
Government Secs.	71.43	71.81	72.26	72.16	72.34	72.49	72.49	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	72.60	
Fixed Interest	73.36	73.57	73.63	74.07	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	74.08	
Industrial	486.7	489.7	488.9	487.6	487.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	486.0	
Gold Mines	376.7	385.8	378.1	383.6	387.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	377.1	
Ord. Div. Yield	7.49	7.41	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	
Earnings Yield % (full)	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	
P/E Ratio (net)	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.78	
Total Bargains	19,636	20,026	20,718	23,699	23,656	22,665	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity turnover £m.	102.86	95.17	141.13	129.95	159.28	74.33	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity bargains total	14,907	15,058	17,758	16,193	16,510	10,250	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

10 am 488.7, 11 am 489.8, Noon 488.8, 1 pm 489.7, 2 pm 490.1, 3 pm 490.0.
 Latest index 01-248 9025.
 * Nil = 6.32.
 Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/35. SE Activity July-Dec. 1942.

HIGHS AND LOWS S.E. ACTIVITY

	1980	Since Completion	July 30	July 29
Govt. Secs.	72.54 (21/7)	63.85 (1/6)	127.4 (21/7)	49.18 (21/7)
Fixed Int.	74.08 (21/7)	64.70 (1/6)	150.4 (21/7)	60.53 (21/7)
Ind. Ord.	503.1 (18/7)	406.9 (1/6)	558.6 (21/7)	49.4 (21/7)
Gold Mines	385.8 (18/7)	289.5 (1/6)	448.5 (21/7)	34.5 (21/7)

drifted off in line with the Golds, with Gencor worst hit at 840p, down 40p. Anglo American at 855p, lost 15 of the previous day's rise of 20, while UG Investments, at 570p, lost all of Tuesday's gain of 15 which followed the results. Gold Fields of South Africa shed 2 to 233p and "Johnnies" finished a similar amount lower at 220p.

London Financials lost ground in sympathy, led by Consolidated Gold Fields, down 20 at 505p, and Charter Consolidated, 7 lower at 208p. Platinums gave up more of their recent gains, with Lupa and Rustenburg both 3 lower at 328p and 240p respectively.

Tins were again better, with rises of 70 to 900p in Malaysian, 60 to 620p in Southern Malaysian and 40 to 290p in Kilinghall — all to 1980 highs.

NEW HIGHS AND LOWS FOR 1980
 The following shares quoted in the information service yesterday attained new highs and lows for 1980.

	NEW HIGHS (108)	NEW LOWS (108)
BRITISH FUNDS	Up Down Same	Up Down Same
British Funds	2 72 19	2 28 35
Foreign Bonds	251 136 1,008	251 136 1,008
Financial and Prop.	115 8 29	115 8 29
Oil	19 10 27	19 10 27
Plantations	7 2 16	7 2 16
Others	77 16 76	77 16 76
Totals	542 389 1,529	542 389 1,529

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LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, July 29.

	1979	1980
Merchant Banks	+57.87	+21.30
Hire Purchase	+50.74	+19.72
Mining Finance	+49.10	+19.72
Insurance (Life)	+46.19	+19.72
Electricals	+42.89	+19.72
Gold Mines	+40.93	+19.72
Shipping	+38.51	+19.72
Property	+37.87	+19.72
Discount Houses	+36.51	+19.72
Electronics, Radio and TV	+34.37	+19.72
Building Trusts	+31.83	+19.72
Capital Goods Group	+29.57	+19.72
Insurance (Compos)	+28.80	+19.72
Contracting and Construction	+26.77	+19.72
Financial Group	+25.83	+19.72
Insurance Brokers	+23.80	+19.72
Overseas Traders	+22.82	+19.72
Consumer Goods (Durables)	+21.33	+19.72
All-Share Index	+20.25	+19.72
Entertainment and Catering	+19.72	+19.72
Industrial Group	+18.71	+19.72

MECHANICAL ENGINEERING +21.30
 OTHER GROUPS +21.30
 STORES +19.72
 500-SHARE INDEX +19.72
 FOOD RETAILING +19.72
 METAL AND METAL FINISHING +19.72
 PHARMACEUTICALS +19.72
 PACKAGING AND PAPER +19.72
 ENGINEERING CONTRACTORS +19.72
 BREWERIES +19.72
 NEWSPAPERS AND PUBLISHING +19.72
 CHEMICALS +19.72
 OILS +19.72
 TOBACCO +19.72
 CONSUMER GOODS (Non-Durable) Group +19.72
 CONTRACTING AND CONSTRUCTION +19.72

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

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FINANCIAL TIMES

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SETBACKS IN TWO STATE INDUSTRIES

Shipbuilders over cash limit

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has warned the Government that it will exceed its external financing limit of £120m in the current year by around £60m. A holding statement acknowledging that the Government is reconsidering the shipyards' financial position is expected soon, possibly today.

British Shipbuilders made a trading loss of £108.9m in the year to the end of March 1980, which was marginally above the £100m loss limit set by the Government last July.

The financial targets for the current year, which were imposed at the same time last year, are considerably tougher and limit the effective trading loss to £35m after crediting intervention fund assistance.

British Shipbuilders is no longer able to meet its 1980-81 financial limits and as a result the 1979-80 annual report and accounts, published yesterday,

have been qualified by the auditors. They say that the accounts have been drawn up on the basis that adequate financial support will continue to be made available. However, this is dependent on the outcome of the negotiations between the Government and British Shipbuilders.

Mr. Robert Atkinson, chairman of British Shipbuilders, said yesterday that he has commissioned a report on the amount of extra support British Shipbuilders needs and will send this to the Government by the end of August.

His task has been made more difficult by the fact that the Government has come to no decision on whether it wants to denationalise the shipyards in line with its pre-election pledge.

The three major shipyard yards—Vickers, Yarrow and Vosper Thornycroft—made

pre-tax profits of £43.3m on a turnover of £358m last year. By contrast, the rest of the shipyards lost over £130m.

British Shipbuilders is understood to have recommended the Government that any decision to sell off parts of the shipyards to private enterprise should be delayed and if it is to be implemented should involve the introduction of private capital into the whole industry and not just the shipyard yards.

A statement on the role of private capital within British Shipbuilders is expected before Parliament rises on August 8. British Shipbuilders results last year were adversely affected by the effects of the long steel strike, the strength of sterling and the absence of promised public sector orders.

Less than half the expected naval orders materialised last year and the majority of the promised public sector orders failed to appear. As a result,

British Shipbuilders had to employ people for whom there was no work.

Mr. Atkinson stressed that the restructuring so far undertaken by British Shipbuilders was greater in general than that of the UK's foreign competitors, especially when compared with Japan—Britain's main competitor.

Mr. Atkinson said no European concern was building ships at a profit and emphasised that foreign governments gave significantly better credit terms to their domestic shipowners.

If every UK shipowner ordered ships in British yards, the industry would be two and a half times bigger than at present, he said.

He forecast that the world shipbuilding industry had passed through the worst and that by 1981/82 demand and prices should be improving. British Shipbuilders' cash crisis, Page 8

Brewery to buy Thorn's hotels

By Christine Moir

SCOTTISH and Newcastle Breweries is to pay £23m for the seven hotels and 13 restaurants which Thorn EMI has had on the market for some months. The purchase price is some £7m less than industry estimates of what the business would fetch, but £6m more than their book value in Thorn EMI's accounts.

Mr. Robert King, chief executive of the brewing group, said yesterday: "If you buy when the market is depressed, which it is at the moment, you hope to get assets at a lower price."

The deal, which is for cash, has been agreed between the two groups but is conditional on clearance from the Office of Fair Trading.

Scottish and Newcastle already operates 31 hotels under the Whitehall name, four of them in London, as well as about 30 smaller inns.

However, the company has made no secret of its need to expand further in London and the Thorn EMI hotels include The Tower, the Selfridge, the Royal Westminster, Royal Horseguards, Royal Trafalgar and Royal Angus in London, as well as the Royal London in Birmingham. With them go the chain of 12 Angus Steak Houses.

The hotels have been suffering with the rest of the industry from the decline in tourist takings and, while still profitable, are not making a handsome contribution to the newly-merged group.

For Scottish and Newcastle, Mr. King, however, said the acquisition was not being made "for tomorrow or next year, but for the longer term."

The Thistle group hotels have also faced problems in the past year. Operating profits dropped from £23.5m in 1978-79 to £2.5m in the 12 months to the end of April, although the company expects resumed growth this year.

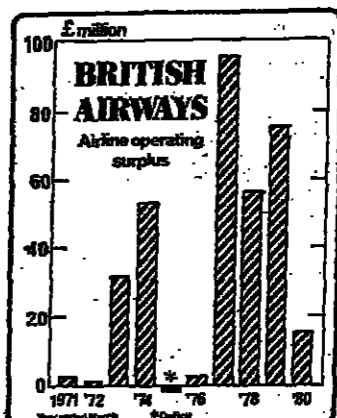
Mr. Peter Laister, managing director of Thorn EMI, explained that the chain did not provide a "base capable of being competitive without substantial additional expansion." This was contrary to board policy which was to concentrate on "fewer diversified businesses."

At the same time, Thorn EMI announced that it is to appoint Sir William Barlow, the retiring chairman of the Post Office, as chairman of its engineering group. He will also join the main board.

THE LEX COLUMN

BA is faced with take-off delay

Index fell 1.0 to 488.7



Spare a thought this morning for the monetary authorities, who must pore over the raw banking data for the month to mid-July and decide whether a further cut in Minimum Lending Rate can be justified. If the figures are just a little less than excellent, the Bank of England may take the same view as it did a month ago—that it is easier to cut before the figures are published than after.

On that basis, if there is no cut tomorrow, 16 per cent MLR may still be here a month from now. The political pressures for an immediate cut are stronger than ever, and there are helpful signs—yesterday's Belgian bank rate cut, for example—that the German authorities are edging towards an easier monetary stance. Against that, the gilt-edged market has looked rather soggy in the last couple of days, sterling turned easier last night, and there is still temporary upward pressure on money rates.

British Airways

Political enthusiasm for denationalisation is one thing, the airline profits cycle is quite another. A year ago, when the new Conservative Government was first concocting plans to turn British Airways into an independent saleable entity, BA was budgeting for an operating surplus of £150m in the year to March 1980. In the event a soaring fuel bill—up from £140m to £413m—has helped to slam that figure down to a paltry £29m. At the pre-tax group level profits are down from £90.4m to £19.5m, and the airline itself appears to have made a marginal loss allowing for the £20.5m generated by fringe activities. The figures would have been £9m worse but for BA's discovery that for the purposes of depreciation its wide-bodied aircraft last two years longer than they used to. More over the self-financing ratio is down to 43 per cent in 1979-80 (it averaged 87 per cent in the previous four years) and capital commitments are now well over £1bn.

So there are some daunting problems for Hill Samuel, organising the flotation on behalf of HMG (for its own part, BA has retained Warburg). Prospects for 1980-81 are even gloomier: although the rise in fuel costs has moderated, the international recession is hitting business travel and passenger traffic is 4 per cent down for the first quarter. A wave of operational cutbacks is under way to cushion the financial impact, but there is said to be no prospect of an

Reed International

Allowing for the £12m impact attributed to industrial action, the first quarter drop in pre-tax profits at Reed International from £26.5m to £11.8m translates into a fall of a fifth at the trading level as the recession begins to bite. The main strain is being taken in the packaging and decorating business, although it looks as if the worst of the destocking phase may now be in the past.

The contribution from abroad is up 16 per cent at £10.3m, due mainly to a strong performance from the Quebec mill. This asset, not so long ago open to offers, is now—with the relative cost advantage in paper production swinging to North America—regarded as a core holding. Meanwhile, with interest charges edging up again, pre-tax profits for the year are likely to emerge in the region of £80-£85m, against £100m. But the strength of the balance sheet means that the group will

be able to take advantage of the general downturn to exploit any opportunities for acquisitions, as well as investing in its packaging and publishing businesses. The share price, down 3p yesterday at 19½, is still 37 per cent above the level of early June, while the p/e of 5½, fully-taxed, hardly represents a ceiling.

S and N

The proposed purchase of Thorn EMI's hotels and restaurants looks like good value in terms of assets for Scottish and Newcastle. The cost of building the property now would be in the region of £80m, against the £23m cash offer, together with about £24m of current liabilities that will be taken over. However, the hotels are likely to make a loss after finance costs in the winter half-year, perhaps trimming £2m from S and N's 1980-81 pre-tax profits. Meanwhile S and N's debt continues to rise. The effect of this deal is to push the level of net borrowings up from 37 per cent of shareholders' funds to 47 per cent, which is rather higher than its main competitors and will move up further through the year. No doubt a revaluation would prove timely in the next balance sheet, but with income gearing at about a quarter, the company must also be considering its options over a rights issue. The share price rose 3½p yesterday to 64½.

Tate & Lyle

The boardroom manoeuvres at Tate and Lyle, where Saxon Tate has been replaced as managing director by the head of the group's Canadian business, do not appear to reflect any worsening of the immediate financial pressures. Indeed, with sugar trading strong and some of the smaller subsidiaries— notably United Molasses—performing well, the present year is looking less bad than it did a few months ago. But the outlook for longer-term earnings growth is still clouded, and more rationalisation may eventually be necessary. T and L's big problems are still overcapacity in the European starch market and in UK sugar refining. Further cutbacks in sugar refining have been postponed until the new EEC quotas are decided. If, as a result of the recent high sugar price, the existing beet quotas are not reduced, the future of the Liverpool refinery—the highest cost producer of refined sugar in a market governed by cut-throat pricing—must be in question.

NCB faces 'difficult' period

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE NATIONAL Coal Board is facing an "extremely difficult" short-term market for coal as the recession starts to bite. Sir Derek Ezra, the NCB chairman, said yesterday. He called for greater Government flexibility towards the industry's financing needs.

He was presenting the NCB's 1979/80 results, which showed that on turnover of £3,740m this board achieved a trading profit of £27.6m, against £121.1m the previous year.

However, the results are not directly comparable because most Government production grants have been taken out of trading results for 1979/80 and shown as a new "deficit grant" of £159.3m. Overall production grants totalled £189m, compared to £118m in 1978/79.

Sir Derek said the recession had cut demand for coal, notably in the electricity, steel and cement sectors, and the board's problems were aggravated by high interest rates, inflation and the sterling exchange rate.

While the long-term outlook for coal remained bright, the industry faced "an extremely difficult period now and for some time ahead."

Ironically, the problems come just when the NCB's production is starting to rise. In 1978-79 its deep-mined output was up by nearly 4m tonnes, the first year-on-year increase since 1963, and sales totalled 125m tonnes, nearly 10m tonnes more than 1978/79.

The performance is still improving, with production up 1.25m tonnes in the first 14

weeks of 1980/81, compared to the previous year.

Sir Derek said the NCB had achieved its 1978-79 financial target of breaking even after grants. It had also remained £55m within its external financing limit, the amount a nationalised industry can borrow in one year.

Under the Government's new Coal Bill, deficit grants to the NCB are being gradually phased out, and in 1983-84 the board will be expected to break even without such help.

Sir Derek said the board was facing "tremendous difficulties" in doing so. Its marketing position had "deteriorated massively" since the timetable was negotiated with the Government. Although the industry wanted to free itself from

dependence on grants, he believed 1983-86 was a more realistic date.

He also called for greater Government flexibility on financial assistance for the stocking of coal. The board would probably have to put 4m tonnes of coal to stock this year because of the change in demand. However, it would be a mistake to cut back coal production just when productivity was improving.

Asked whether the Government's financial targets were putting the NCB under pressure to close uneconomic pits, Sir Derek denied having a list of pits he wanted to close. The board would continue with its colliery review procedure, under which the NCB and the unions discuss the life of mines.

West German steel men strike

BY ROGER BOYES IN BONN

MORE THAN 30,000 West German steel workers staged brief protest strikes yesterday in a trial of strength with Mannesmann, the engineering and pipe-making group, over workers' participation in the steel industry.

A day of negotiations brought no progress towards agreement between Mannesmann and IG-Metall, the steel and engineering union, which is trying to stop the company from merging its pipes and steel divisions.

The dispute, which threatens to break the placid surface of German labour relations only two months before parliamentary elections, has led IG-Metall officials to threaten an all-out national strike.

Mannesmann's plans to merge its pipes and steel divisions would allow it to escape the strict terms of the 1951 Act which gives workers in steel and coal companies

half the seats on their company's supervisory board. The other half are filled by shareholders' representatives, while the casting vote goes to a "neutral" member of the board acceptable to both workers and shareholders.

Count Otto Lambsdorff, Economics Minister, has warned that an all-out strike would be clearly political and as such illegal under the West German constitution, which forbids unions to take political action.

The ruling coalition partners in Bonn, the Social Democrats and Count Lambsdorff's Free Democrats, are at loggerheads over the dispute, with many Social Democrats urging introduction of a special "Mannesmann Bill" to block the company's plans.

The Free Democrats claim this would be an unacceptable interference in a company's affairs.

Mannesmann yesterday stressed that the planned merger is still absolutely essential, for business reasons. It believes it can lead to savings of DM 50m (£12.5m).

The union negotiators have been pursuing a two-pronged strategy. First, they have tried to demonstrate to Mannesmann that it could save DM 50m by other measures, leaving the pipes and steel divisions more or less untouched.

The second argument in the IG-Metall case was unveiled yesterday. The union suggested that managers from the Mannesmann pipes division should be allowed to run the steel-producing division, but it would remain organisationally part of the parent company.

This would mean that the strict parity rules would still apply to the whole company, but the necessary streamlining could take place.

Last date set for Observer

BY PAULINE CLARK, LABOUR STAFF

THE management of the Observer newspaper has set October 19 as the date for the last issue because of the failure to settle a pay dispute with machine managers, who are members of the National Graphical Association, it announced yesterday.

Notices of dismissal were issued to some 1,000 staff, half of whom are full-time employees and half part-time workers on a "regular casual" basis.

The decision came in spite of the intervention earlier this

week by Mr. Len Murray, general secretary of the TUC, and a journalists' appeal to the American owners of the newspaper for a reprieve.

Mr. Brian Nicholson, joint managing director, said there was an air of gloom and despondency among staff. But he did not dismiss hopes that a solution might still be found to end the impasse.

There was still "movement in a number of quarters," he said. "But the movement that one would require would be that the union would take

action against the machine managers."

Mr. Nicholson's comment followed the machine managers' rejection over the weekend of a new peace formula in spite of a recommendation to accept by the NGA's national leaders.

This is the second time since the Observer was taken over by Atlantic Richfield four years ago that closure has been threatened because of a dispute affecting the machine managers' chapel (union branch). The previous dispute was over manning levels in 1978.

DEFENCE MINISTRY ATTACKED

Doubt cast on Sting Ray figures

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

OUTLAYS OF £920m by the UK Defence Ministry on the new Sting Ray underwater missile, when a comparable torpedo weapon could be acquired from the U.S. for only £200m, have come under heavy attack from the House of Commons Public Accounts Committee.

The rival programme is the U.S. Improved Mark 46 torpedo. The committee, in a report issued yesterday, says the Ministry claimed that Sting Ray "alone possessed capabilities considered essential to meet the potential threat" and had thus been given high priority in spite of its cost.

The Ministry believed the ultimate cost of Sting Ray would be kept to within 10 per cent of the current estimate in real terms, and that it had potential for subsequent improvement as a weapon system, effective until the end of the century.

The committee, however,

casts doubt on this. "We feel bound to say on the evidence available to us, we were not convinced by the Ministry's case for spending an additional £720m rather than purchasing the U.S. torpedo."

The committee also admits, however, that it has no detailed evidence on the relative capabilities of the two weapons systems, and that without a balanced technical assessment "it is impossible to come to a final judgment about the value being obtained from the money spent and committed to Sting Ray."

"We therefore suggest that the Defence Committee of the House investigate the capabilities and cost effectiveness of the two weapon systems."

The estimated cost of cancellation of Sting Ray is the £146m already spent on it, plus £15m, making a total of £161m. The employment consequences of cancellation are considered

negligible.

The committee also comments that the development of the weapon has already lasted a decade, and still has to be satisfactorily completed.

"Any further significant delay could reduce Sting Ray's operational advantage over the U.S. alternative, jeopardise the torpedo's overseas sales potential, and place additional demands on the defence budget."

"If, therefore, the Defence Ministry's expectations are not realised and further major problems arise, we trust that they will not hesitate to carry out a fundamental appraisal of the project's cost effectiveness, in terms of the resources still required to complete the programme, notwithstanding the money and resources already spent."

Mr. Joel Barnett, the chairman of the committee, said at a Press conference yesterday

that it would be "a fair assumption" that Sting Ray's total cost could be over the £1bn mark by now as a result of inflation, but he did not envisage further cost increases other than inflation.

The committee pointed out in its report that the four largest underwater weapons projects now under way had risen in cost (for development and production) from a total of £165m in 1969-70 to a total of £1,620m at September 1979 prices.

In addition to Sting Ray, which accounted for the biggest increase, the others were two Type 2016, which had risen in cost from £53m to £412m, and from £22m to £194m respectively, and the Tigerfish, which had risen from £16m to £91m.

Sixteenth Report from the Committee of Public Accounts, House of Commons, Paper 648 (SO, £4.50 net).

Weather

UK TODAY

MOST PLACES will have showers, but there will be some sunshine. Near normal temperatures. London, E. Anglia, Midlands, S.E., N.W. England.

Sunny periods at first, with showers developing. Max. 21C (70F). Channel Isles, S. Wales, S.W. England.

Showers and sunny intervals. Max. 19C (66F).

N. Wales, I. of Man, Ulster. Showers or longer outbreaks of rain. Bright intervals. Max. 13C (55F).

N.E. England, Scotland. Sunny intervals and showers, perhaps heavy in places. Max. 19C (66F).

Orkney, Shetland. Outbreaks of rain, perhaps with thunder at first. Becoming brighter later. Max. 16C (61F).

Outlook: Sunny intervals with some thundery showers.

WORLDWIDE

		°C	°F	°C	°F
Algeria	25	77	Lisbon	24	75
Ankara	28	82	Madrid	20	68
Athens	30	86	Luxembourg	20	68
Bahran	38	100	Manila	27	81
Bangkok	35	95	Moscow	27	81
Bombay	32	90	Munich	20	68
Buenos Aires	28	82	Nairobi	20	68
Calcutta	32	90	Paris	20	68
Cairo	35	95	Prague	19	66
Canton	28	82	Rangoon	27	81
Cebu	30	86	Reykjavik	20	68
Colon	32	90	Rome	20	68
Dacca	32	90	Singapore	31	87
Dhaka	32	90	Stockholm	20	68
Hankow	28	82	Switzerland	20	68
Hong Kong	28	82	Taipei	27	81
Kobe	28	82	Tokyo	27	81
London	20	68	Yokohama	27	81
Lyons	20	68			
Manila	27	81			
Medan	28	82			
Meppen	20	68			
Moscow	27	81			
Mumbai	32	90			
Nairobi	20	68			
Paris	20	68			
Prague	19	66			
Rangoon	27	81			
Reykjavik	20	68			
Rome	20	68			
Singapore	31	87			
Stockholm	20	68			
Switzerland	20	68			
Taipei	27	81			
Tokyo	27	81			
Yokohama	27	81			

Satisfactory year's trading

The year ended 31st March, 1980 showed good results from distribution and merchandising sectors — overseas activities improved — considerable contribution from Associates — property revaluation surplus £22.4m — higher turnover, profits and dividend.

SUMMARY OF RESULTS for year ended 31st March, 1980

	1980	1979
Turnover	£325m	£277m
Group Profit before Taxation	£16.3m	£15.4m
Retained Profit plus Depreciation	£14.5m	£13.0m
Ordinary Shareholders Funds	£110m	£76m
Earnings per Ordinary Share	24.4p	23.3p
Dividend per Ordinary Share	6.25p	5.75p

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